MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS OF UNITED ARTISTS CORPORATION HELD AT THE OFFICE OF THE CORPORATION AT 1040 N. LAS PALMAS, HOLLYWOOD, CALIFORNIA on the 15th day of March, 1943 at 11 A.M.

There were present George L. Bagnall, Arthur W. Kelly and Edward C. Raftery, constituting a quorum. Mr. Raftery acted as Chairman and Mr. Kelly acted as Secretary. The Chairman explained at the meeting that this meeting should have been held on the previous Thursday, but due to the lack of a quorum, either in New York or in California, it was necessary to await the arrival of Mr. Kelly to complete a quorum.

Mr. Raftery reported that on or about March 9, 1943 he conferred with Mr. Daniel O'Shea, President of Vanguard Productions, Inc. who had presented to the corporation the following proposition.

That he was about to enter into an agreement to loan the services of Miss Vivien Leigh to the A.B.C. Company in England who would produce the picture from a script prepared by an American writer that would have the approval of David O. Selznick - to be directed by John Cromwell, an American director and with an American leading man. That he could secure for United Artists Corporation the distribution rights of this picture for the following restricted territories.

Western Hemisphere, South Africa, Australia and possibly New Zealand

on the following terms:

Sliding scale - U.S. and Canada
25% to $800,000. - United States
10% over "

Canada - 25% to $50,000.
10% over

Balance of territories -straight 30%.

United Artists Corporation to advance Fifty Thousand Pounds (£50,000) to A.B.C. upon delivery of negative in New York City fit for release printing and with proper censor's clearance before payment. After recoupment of Fifty Thousand Pounds, Vanguard company entitled to 70% of the Producer's share and 30% would be paid to A.B.C. Company. Further, that this 30% would have to be pledged as a guarantee that Vanguard Productions would get back any pre-cost money advanced by it, which they estimate would be approximately $100,000. He was willing to give U.A. 5% of their 70% after recoupment of the Fifty Thousand Pounds (£50,000) guarantee, $125,000. for Advertising and $100,000. pre-cost. Picture to be accepted by United Artists, if Vanguard Productions elected to, as a stock picture. U. A. to be relieved of obligation to put up $100,000. for one non-Selznick picture, but must assume obligation to put up $100,000. completion bond for first Selznick picture.

This proposition was telegraphed to Mr. Arthur W. Kelly for consideration by Mr. Kelly and Mr. Sears and on March 10th the following reply was received from Messrs. Sears and Kelly.

"REGARDING NEGOTIATIONS O'SHEA VIVIEN LEIGH PICTURE OUR OPINION WE SHOULD GET 25% STRAIGHT DOMESTIC DISTRIBUTION AND IF WE ARE TO ADVANCE FIFTY THOUSAND POUNDS UPON DELIVERY NEGATIVE AND CENSOR CLEARANCE US THEN WE SHOULD RECEIVE AT LEAST TWENTY PERCENT OF PROFITS OVER $700,000. GROSS AND ALL ADVANCES SHOULD COME OUT AGAINST PRODUCERS SHARE. FOREIGN DISTRIBUTION SHOULD BE AS PER STANDARD TERMS WHICH NOW PREVAIL

AS IMPOSSIBLE TO EXIST ON 25% OF GROSS RECEIPTS, IT COSTING US IN EXCESS OF 32%. WE BELIEVE THIS TO BE BEST DEAL WE CAN OFFER EVEN IF SOMEONE ELSE GETS RELEASE OF THIS PICTURE IN TERRITORIES MENTIONED BECAUSE WE CANNOT CONSISTENTLY RECOMMEND ANY LESSER DEAL FOR OWNERS APPROVAL AND CERTAINLY CANNOT ESTABLISH PRECEDENT SLIDING SCALE DISTRIBUTION FOREIGN MADE PICTURES AND UNDER NO CIRCUMSTANCES CAN THIS PICTURE BE CONSTITUTED AS PART OF SELZNICK CONTRACT. REGARDS."

Mr. Raftery reported that he had communicated the proposition to Miss Pickford through her counsel, Neil McCarthy, to Mr. Chaplin through Mr. Tim Durant and to Mr. Korda direct. That Mr. McCarthy had advised him that Miss Pickford was absolutely opposed to the deal as proposed by Mr. O'Shea, but would approve the deal as set out in the telegram of Messrs. Sears and Kelly. Mr. Korda advised Mr. Raftery and Mr. Bagnall that he was absolutely opposed to putting up Fifty Thousand Pounds (£50,000) guarantee on this particular picture and for that reason alone would oppose the deal. Mr. Kelly was advised by Mr. Chaplin that he would not accept the deal in the form as proposed by O'Shea.

Mr. Raftery reported that he had communicated with Mr. O'Shea and advised him of the various objections to the deal and that Mr. O'Shea felt that the deal had been turned down just because it was a proposal from Vanguard Productions and for that reason in the future his approvals would be withheld on any deals, including the proposed settlement deal with Mr. Small.

Motion was duly made, seconded and unanimously adopted

that if the approval of the Owners could be secured, the directors were in favor of making the deal with Vanguard Productions or A.B.C. or whatever company owned or controlled the Vivien Leigh picture, upon the terms set out in the telegram included in these minutes.

There being no further business, the meeting was adjourned.

Edward C Raftery
CHAIRMAN

SECRETARY

MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS OF UNITED ARTISTS CORPORATION HELD AT THE OFFICE OF THE CORPORATION AT 1040 N. LAS PALMAS, HOLLYWOOD, CALIFORNIA ON THE 17th Day of March, 1943 at 12 Noon.

There were present George L. Bagnall, Arthur W. Kelly and Edward C. Raftery, constituting a quorum. Mr. Raftery acted as Chairman and Mr. Kelly acted as Secretary. Mr. Raftery presented to the meeting, a telegram from Gradwell Sears, the fourth member of the Board, and it was spread upon the minutes of the meeting, and copy is attached hereto.

The first business to come before the meeting was the discussion regarding proposed settlement of differences between Edward Small Productions and the corporation. Mr. Small had retained counsel, to wit; the firm of Klein & Weinberger of New York City, to take legal action against the company for the various alleged breaches of the company's agreements with Mr. Small. Many conferences had been held between Mr. Small, various executives of the Company, as well as with Mr. Small's counsel. Counsel for the company made a thorough investigation of the facts and urged that the controversies be adjusted, as the ultimate liability of the company in the situation was so great that it might result in a serious loss to the company, as well as the declaration that the company had breached its Distribution Agreement with Mr. Small, which would give him a right of termination.

Further, that the company needed quality product to stay in business, and that Mr. Small is prepared, as

as part of his settlement, to raise his quality clause so as to insure to the company, a limited supply of high class, special feature photoplays for release during the 1943-44 season.

That counsel for the company had advised the officers that this was a matter for management to settle, and that management had full power under the corporate laws of the State of Delaware to adjust this situation and that the directors of the company were charged under the Delaware law, with the obligation of managing the affairs of the company and could not delegate the power of management to any other persons, and that if they did not act wisely, they might lay themselves open to a personal liability for failure to discharge their obligations as directors.

That in addition, the stockholders of United Artists Corporation had all been notified of the situation and three of the four stockholders, to wit: Mary Pickford, for the Pickford Corporation, Alexander Korda for himself and Alexander Korda Films Ltd. and Mr. Charles Chaplin had affirmed the proposal of settlement and had demanded that the settlement be closed immediately.

That from time to time during the negotiations, Mr. Dan O'Shea, President of Vanguard Productions, Inc. and Mr. David O. Selznick also associated with Vanguard Productions had been notified of the progress of the settlement and had orally expressed an opinion that it was a wise thing to do, and a fair thing, in view of the fact that Mr. Stromberg and Mr. Cagney had received certain preferences in distribution

terms and that Mr. Small, a long time Producer with the Company, had contributed several million dollars in gross to the company's business and was entitled to preferred distribution on his quality pictures.

It was then reported that on the 15th of March, Mr. O'Shea had stated to one of the officers of the company that he would not approve a settlement of the Edward Small situation, and then a full written report of the settlement was made to Vanguard Productions, Inc. and it was ordered that a copy of the report be annexed to the minutes. That no written reply had been received to this report up to the time of the holding of this meeting, but that a telephone communication had been received by Mr. Raftery from Mr. O'Shea in which he reiterated that he would not at that time approve the Small settlement,-- That there was nothing personal in his withholding of the approval insofar as the officers were concerned, but that he intended to withhold all approvals until Vanguard's various matters were adjusted to his satisfaction.

Mr. Raftery further reported that he had advised Mr. O'Shea that this was not a matter requiring stockholder approval and that if Mr. O'Shea had any answer to make to the report attached to these minutes, to please do so, and the corporation would then decide what report or answer it would make thereto.

There was then presented to the meeting, written copies of the agreements that had been negotiated and prepared by counsel for the company and counsel for Mr. Small. That the agreements were ready for execution; that the agreements

were read and approved by the three directors present and it was moved that a copy of each agreement be attached to the minutes of this meeting and be made a part thereof.

Motion was duly made, seconded and unanimously adopted that either the President or any of the Vice Presidents of the Corporation be authorized to execute the settlement agreement with Edward Small Productions, Inc. and Edward Small in the form attached to the minutes of this meeting, and that the original agreements after execution be delivered to Mr. Harry Muller, Treasurer of the corporation for safekeeping.

It was further moved and seconded and unanimously adopted that the corporation express in proper form their appreciation to Mr. Small for his co-operation in working out these differences, as well as express the corporation's appreciation for his gratuitous cutting of the photoplay, SOMEWHERE IN FRANCE.

There being no further business, the meeting was adjourned.

Edward C. Raftery
CHAIRMAN

SECRETARY

CLASS OF SERVICE

This is a full-rate Telegram or Cablegram unless its deferred character is indicated by a suitable symbol above or preceding the address.

# WESTERN UNION

1201

(1331)

SYMBOLS

DL=Day Letter

NT=Overnight Telegram

LC=Deferred Cable

NLT=Cable Night Letter

Ship Radiogram

A. N. WILLIAMS
PRESIDENT

NEWCOMB CARLTON
CHAIRMAN OF THE BOARD

J. C. WILLEVER
FIRST VICE-PRESIDENT

The filing time shown in the date line on telegrams and day letters is STANDARD TIME at point of origin. Time of receipt is STANDARD TIME at point of destination

SN107 LG SER=WUX NEWYORK NY 16 1153A

EDWARD C RAFTERY, UNITED ARTISTS PRODUCTIONS INC=

1040 NORTH LASPALMAS HD=

1943 MAR 16 AM 10 36

THIS WILL SERVE AS WAIVER OF NOTICE OF BOARD MEETING AND MY APPROVAL TO EXECUTE EDWARD SMALL DEAL. REGARDS=

GRAD SEARS.

GRAD.

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

March 8, 1943

To: EDWARD SMALL PRODUCTIONS, INC.
and
EDWARD SMALL
1040 No. Las Palmas Avenue
Los Angeles, California

Dear Sirs:

You have asserted a claim for more favorable distribution terms for the photoplay "Corsican Brothers" under the distribution agreement of the 27th day of January 1938, and its various amendments.

You and the undersigned agree as follows:

You hereby withdraw your claim for more favorable distribution terms for said photoplay, and any and all claims for additional moneys to be paid to you under the so-called Silverstone plan, or any other plan in substitution therefor in connection with all photoplays delivered by you for distribution up to the date of the execution of this agreement.

In consideration of the withdrawal of said claims and of the settlement hereinafter specified, the undersigned agrees to pay to you the sum of Sixty-Five Thousand Dollars ($65,000.00) as additional Producer's share of distribution under the aforesaid distribution agreement of the 27th day of January 1938. Said sum to be paid to you, without interest, as soon as the undersigned liquidates its present bank loans, or any extensions or renewals thereof. Said payment, in any event, to be made on or before September 1st, 1945.

In addition, the undersigned agrees to make no claim against you for any prints, advertising, or other charges incurred prior to this date in connection with the distribution of the photoplay "Corsican Brothers" in the United States of America.

From time to time, you have in good faith asserted claims against the undersigned which United Artists Corporation did not and never has recognized as valid.

You do hereby agree that the accrual of the aforesaid sum of $65,000.00 and the payment thereof as herein provided shall be in full settlement of all claims which heretofore have been specifically asserted by you. This, of course, does not apply to the claim regarding Fox West Coast's unpaid film rentals and the Capitol Theatre, New York City, unpaid "Corsican Brothers" third week film rental, as the undersigned is still trying to collect same and agrees to use its best efforts to collect same. Likewise, the undersigned agrees to try to secure from Loews, Incorporated an additional Five Thousand Dollars ($5,000.00) film rental on "International Lady" and which Loews, Incorporated was once willing to pay and which you were unwilling to accept. However, this is not a claim that could be asserted against Loew's Incorporated except on a moral basis, and the undersigned agrees to use its best efforts to try to collect this sum.

Your acceptance at the bottom hereof shall constitute a valid, binding agreement between us.

Yours very truly,

UNITED ARTISTS CORPORATION

By _____

We have read the foregoing
and hereby accept the same.

EDWARD SMALL PRODUCTIONS, INC.

By _____
Edward Small, President

_____
Edward Small

March 8, 1943

To: EDWARD SMALL PRODUCTIONS, INC.
and
EDWARD SMALL
1040 No. Las Palmas Avenue
Los Angeles, California

Dear Sirs:

You and the undersigned entered into a written distribution agreement on the 27th day of January, 1938. Under the terms of said agreement, you have delivered photoplays to the undersigned for world-wide distribution from time to time. This agreement has been amended by other agreements in writing at various times since January 27, 1938.

For purposes of convenience, the aforesaid original agreement and all amendments will be hereinafter referred to as "the Distribution Agreement."

Paragraph SECOND, subdivision (1) of the Distribution Agreement reads as follows:

> "The Producer agrees to deliver to the Distributor for distribution throughout the world, and Distributor agrees to accept from Producer for such distribution and to distribute, all photoplays of Producer to be produced by Producer, according to the terms of this agreement, during the period of three (3) years, commencing as of February 15th, 1938. In that connection, it is understood and agreed that Producer will deliver to Distributor not less than two (2) nor more than six (6) photoplays per year during each of said years of the term hereof.
>
> "Producer agrees that each and all of such photoplays shall be of a quality equal to the high standards heretofore maintained in

photoplays distributed by Distributor and for which Distributor has established a unique name, celebrity, prestige and reputation, and Producer agrees that the average cost of the photoplays to be produced hereunder shall be approximately Four Hundred Thousand Dollars ($400,000.00)."

In consideration of the mutual promises hereinafter contained, you and the undersigned hereby mutually agree as follows:

A. Paragraph SECOND above set out is hereby amended so that for the one-year period commencing April 1, 1943, and ending March 31, 1944, Paragraph SECOND shall read as follows:

(1) The Producer agrees to deliver to the Distributor for distribution throughout the world, and Distributor agrees to accept from Producer for such distribution and to distribute, all photoplays of Producer to be produced by Producer, according to the terms of this agreement, during the period of one(1) year, commencing as of April 1, 1943. In that connection, it is understood and agreed that Producer will deliver to Distributor not less than two (2) nor more than six (6) photoplays during the said year of the term hereof.

Producer agrees that each and all of such photoplays shall be of a quality equal to the high standards heretofore maintained in photoplays distributed by Distributor and for which Distributor has established a unique name, celebrity, prestige and reputation, and Producer agrees that the average cost of the photoplays to be produced hereunder shall be approximately Six Hundred Thousand Dollars ($600,000.00).

Schedule A of the Distribution Agreement is hereby amended so that in the territories set out hereafter the photoplays delivered under this amendment shall receive the following preferred terms:

United States of America: Producer's share, Seventy-five per cent (75%) of the gross to Eight Hundred Thousand Dollars ($800,000.00) domestic gross. Producer's share above $800,000.00, Ninety per cent (90%) of United States gross, the Distributor's fees reduced accordingly and charges in the schedule to be re-apportioned according to the changed sharing of gross receipts.

Canada: Producer's share, Seventy-five per cent (75%) of the gross to Fifty Thousand Dollars ($50,000.00). Producer's share above $50,000.00, Ninety per cent (90%) of Canadian gross, the Distributor's fees reduced accordingly and charges in the schedule to be re-apportioned according to the changed sharing of gross receipts.

England: Producer's share, Seventy-five per cent (75%) of the gross to Ninety Thousand Pounds (£90,000.00). Producer's share above £90,000.00, Ninety per cent (90%) of English gross, the Distributor's fees reduced accordingly and charges in the schedule to be re-apportioned according to the changed sharing of gross receipts.

You and the undersigned agree that for the remainder of the period of the distribution agreement to wit:

Period commencing April 1st, 1944 and terminating on the termination date of the distribution agreement, that you shall have the right to deliver photoplays

for distribution that cost an average of approximately Four Hundred Thousand Dollars ($400,000.00) or more. If, during the twelve months, commencing April 1st, 1944, you deliver photoplays costing an average of approximately Six Hundred Thousand Dollars ($600,000.00) you shall receive the preferred distribution terms that the undersigned has hereby agreed to give you for the period commencing April 1st, 1943 and ending March 31, 1944. If, however, you deliver any photoplays for distribution during said twelve months period commencing April 1st, 1944 that cost approximately $400,000.00, then the distribution terms for all photoplays delivered during that twelve months period, whether the cost be an average of approximately $600,000.00 or not, shall be as provided in the Distribution Agreement of the 27th day of January, 1938, as amended prior to this Amendment. Likewise, for the period commencing April 1st, 1945 and ending with the termination of the Distribution Agreement, the foregoing provisions for the period commencing April 1st, 1944 and ending March 31, 1945 shall apply as to the terms of distribution.

It is within the contemplation of the parties that you may select a subject which, with due regard to the type and character of the vehicle, could and properly should be produced at a cost of more than Four Hundred Thousand Dollars ($400,000.00), but also less than approximately Six Hundred Thousand Dollars ($600,000.00), so that the average cost of the pictures produced during said period shall be less than Six Hundred Thousand Dollars

($600,000.00), and in such case we agree that the production of a picture hereunder based on such subject at such lower cost will not defeat your right to the preferred distribution terms hereinbefore specified, and that such subject will likewise be entitled to such preferred distribution terms, provided we shall have approved in writing of the subject and the budget and cast to be employed in the production thereof.

The undersigned has disclosed to you that it already has made commitments to other Producers to give such other Producers more favorable terms of distribution in certain of the foreign territories than have been accorded you in this agreement. We hereby agree that you shall be entitled to receive any different or more favorable terms than herein contained or specified in the Distribution Agreement, which by agreement hereafter executed by us are accorded to any motion picture photoplays which we may distribute. This will not restrict our right to give more favorable terms for local pictures.

Anything hereinbefore contained to the contrary notwithstanding, if you shall fail or be unable to produce the photoplays hereby contemplated to be produced during the year commencing April 1st, 1943 and ending March 31, 1944 at an average cost of approximately $600,000.00 but shall produce a photoplay or photoplays of an average cost of approximately $400,000.00 we agree to distribute such photoplay or photoplays pursuant to the distribution agreement of the 27th day of January 1938 as amended prior to this amendment providing your failure or inability to

produce such photoplay or photoplays at an average cost of approximately $600,000.00 shall be due to any one or more of the causes enumerated below, and provided further that as to each photoplay produced at an average cost of less than approximately $600,000.00 you shall not be entitled to receive the preferred distribution terms herein specified. The said causes are as follows:

A. Inability to secure a cast of artists and a director the cost whereof, plus your regular overhead charge, when added to the remaining cost of producing the photoplay, shall equal $600,000.00.

B. Governmental orders, regulations or laws which render the expenditure of the sum of $600,000.00 as production cost of such photoplay or photoplays -- impossible or impracticable consistent with the proper production of the photoplay as planned and budgeted because of limitations imposed on the cost or amount of materials, construction, the number of takes, film utilized, the salary of artists, directors, and producers, and other items the fixing of which shall be beyond your control, whether such items are of the same or other kind or character.

It is understood that you shall not be required to engaged a cast of artists or a director at prices substantially beyond the heretofore established value of their services, in order to meet the cost requirements hereof.

Except as expressly modified by this amendment, the Distribution Agreement between the parties shall remain in full force and effect and all the terms, covenants, and conditions shall continue in force and effect.

Your acceptance at the bottom herof shall constitute a valid, binding amendatory agreement between us.

Yours very truly,

UNITED ARTISTS CORPORATION

By _____

We have read the foregoing and hereby accept the same.

EDWARD SMALL PRODUCTIONS, INC.

By_____
Edward Small, President

_____
Edward Small

March 15, 1943

Vanguard Productions, Inc.
9336 Washington Blvd.
Culver City, California

Attention: Mr. Daniel T. O'Shea, President

Gentlemen:

United Artists Corporation made a Distribution Agreement with Mr. Edward Small on January 27, 1938. The contract was amended from time to time and finally extended so that its expiration date is approximately September 1, 1945.

A series of disputes between United Artists Corporation and Mr. Small resulted in his suspending production sometime past and we have not had any delivery of pictures since last May. One of these disputes arose over the failure of United Artists to give Mr. Small the benefit of sliding scale distribution on CORSICAN BROTHERS, although he had a written commitment from the company to the effect that if any producer received the benefits of a rebate plan such as The Silverstone Plan, or substitute therefor, he would receive same.

After investigation of the facts and consultation with the company lawers, it was decided that this was a claim that had to be settled because the corporation would be subjected to a very large liability. For example, CORSICAN BROTHERS for United States and Canada was approximately $1,300,000. 15% of $500,000. is $75,000. In England, the picture will gross approximately £150,000, so there will be a liability of 15% on £70,000 or approximately £10,500, which, at the official rate of exchange would be a sum in excess of $40,000. This sum would be payable in American dollars as the money would have been placed to his credit. On the rest of the World, you could figure at least an additional $75,000. Therefore, we had an outside liability on this claim in excess of $200,000.

There were many other claims which if he were to succeed, would cost the company a minimum of $50,000., plus the fact that it would give Mr. Small the right to walk away completely from his obligation to deliver future pictures. Mr. Small was represented by a very able firm of lawyers, Messrs. Klein and Weinberg, who have had vast experience in the theatre and motion picture business.

After months of negotiation, the Board of Directors of the company have concluded a settlement of his threatened liti-

gation which we now report to you.

1. Mr. Small goes back into production and raises his quality clause from $400,000. to $600,000. for a period of one (1) year. For the second year of the agreement, he shall have the right to elect whether to continue on the high cost pictures or the low cost pictures, with a similar right for the last six (6) months of the agreement.

2. He will receive a modified sliding scale for pictures that cost approximately $600,000. only if he produces pictures exclusively in that classe One stepping out of the class of pictures for that period, he goes back to the old terms.

The modified scale is as follows:

25% to $800,000. United States
10% over

25% to $50,000. Canada
10% over

25% to £90,000 England
10% over

Old terms for the rest of the world

3. All claims of every kind and character of the past are forgiven and the corporation agrees to pay him the sum of $65,000. without interest, not later than September 1, 1945.

4. All claims under the Silverstone Plan, or other Plans, are likewise disposed of.

Mr. Small has acquired some very important properties on the strength of this settlement, and has had writers working here for several weeks getting these properties ready for immediate production.

We do not have to contribute a penny to his financing as we have already accepted a very favorable finance agreement from his bank.

Three of the owners have been given this same report and have been very well pleased with the results secured and have affirmed our action. We must have pictures to carry on, and in the last twelve months that Mr. Small delivered pictures, he delivered to this company, approximately $4,000,000. of domestic gross on which we collected distribution fees of approximately $1,000,000. His foreign gross on the same pictures will exceed $2,000,000., and our distribution fees in the foreign are approximately 35% of the gross.

The documents of settlement have been prepared and agreed upon by the company and counsel for Mr. Small, and must be signed immediately.

We believe that this is a full report of the entire situation.

Kind regards.

Sincerely yours,

UNITED ARTISTS CORPORATION
By
EDWARD C. RAFTERY

ECR/HO
cc-Mr. David O. Selznick

Charge to the account of Loyd Wright, 1125 Board of Trade Bldg. $

| CLASSES OF SERVICE DESIRED | | | |
|---|---|---|---|
| DOMESTIC | | CABLE | |
| TELEGRAM | | ORDINARY | |
| DAY LETTER | | URGENT RATE | |
| SERIAL | | DEFERRED | |
| NIGHT LETTER | | NIGHT LETTER | |

Patrons should check class of service desired; otherwise the message will be transmitted as a telegram or ordinary cablegram.

# WESTERN UNION

1206

A. N. WILLIAMS, PRESIDENT — NEWCOMB CARLTON, CHAIRMAN OF THE BOARD — J. C. WILLEVER, FIRST VICE-PRESIDENT

CHECK

ACCOUNTING INFORMATION

TIME FILED

Send the following message, subject to the terms on back hereof, which are hereby agreed to

**WANT A REPLY?**
"Answer by WESTERN UNION" or similar phrases may be included without charge.

Los Angeles, California, March 24, 1943.

TO WESTERN UNION:

Please send the attached DAY LETTER to the following:

Miss Mary Pickford, Pickfair, Beverly Hills, California;
Mr. Charles Chaplin, 1085 Summit Drive, Beverly Hills, California;
Mr. Alexander Korda, 385 Copa de Oro, Bel Air, California;
Mr. Alexander Korda, Care Conductor Santa Fe Chief, Eastbound, arriving Kansas City Wednesday evening, March 24th;
Vanguard Films, Inc., 9336 Washington Blvd., Culver City.

Loyd Wright.

ge to the account of Loyd Wright, 1125 Board of Trade Bldg. $

| CLASS OF SERVICE DESIRED | | | |
|---|---|---|---|
| DOMESTIC | | CABLE | |
| TELEGRAM | | ORDINARY | |
| DAY LETTER | | URGENT RATE | |
| SERIAL | | DEFERRED | |
| NIGHT LETTER | | NIGHT LETTER | |

Patrons should check class of service desired; otherwise the message will be transmitted as a telegram or ordinary cablegram.

# WESTERN UNION

1206

A. N. WILLIAMS, PRESIDENT
NEWCOMB CARLTON, CHAIRMAN OF THE BOARD
J. C. WILLEVER, FIRST VICE-PRESIDENT

CHECK 1 JJA

ACCOUNTING INFORMATION

TIME FILED

*Send the following message, subject to the terms on back hereof, which are hereby agreed to*

**WANT A REPLY?**
"Answer by WESTERN UNION" or similar phrases may be included without charge.

Los Angeles, California, March 24th, 1943.

Please take notice that a special meeting of the shareholders of United Artists Corporation is hereby called to be held on Monday, March 29th, 1943, at the hour of 11:00 o'clock A. M., at the office of United Artists Corporation, 1040 North Las Palmas, Los Angeles, to discuss the following: First: The future plans, policies and prospects of the company. Second: A proposal by Vanguard Films, Inc., to United Artists Corporation for the distribution of a British made picture starring Vivien Leigh. Third: To receive a report from the directors of the company on the Edward Small settlement. Fourth: To consider advancing to Charles Rogers Productions the sum of $25,000.00 as pre-cost on pictures Nos. 2 and 3. Fifth: At the same meeting there will be discussed the status of the Korda stock as well as whether it would be advisable for the company to purchase said stock and if so on what terms, if said stock is now for sale. Please advise us whether you can be present.

Charles E. Millikan,
Assistant Secretary of
United Artists Corporation.

MINUTES OF SPECIAL MEETING OF STOCKHOLDERS

-Of-

UNITED ARTISTS CORPORATION

---oOo---

Pursuant to notice given by the Secretary, the stockholders of UNITED ARTISTS CORPORATION met in special session at 11:00 o'clock a. m. on March 29, 1943, at 1040 North Las Palmas, Los Angeles, California.

Upon roll call, the following stockholders were found to be present either personally or by proxy: Charles Chaplin, by Alfred Reeves, his proxy; The Pickford Corporation, by Neil McCarthy, its proxy; Alexander Korda Film Productions, Limited, by Mendel Silberberg, its proxy; Vanguard Films, Inc., by David O. Selznick and Daniel T. O'Shea.

There were also present: Edward C. Raftery, President of the corporation; George L. Bagnall, and S. Earl Wright.

There being no objection, the President instructed S. Earl Wright to act as Secretary of the meeting. Mr. Wright read the notice of the meeting and was instructed to obtain the affidavit from Loyd Wright made with respect to the call of said meeting and notices sent pursuant thereto, and was further instructed to place the notice and said affidavit in the

minute book next succeeding the minutes of this meeting.

Upon motion duly made, seconded and unanimously carried the reading of the minutes of the last preceding and special meeting of stockholders held on July 10, 1942 was waived.

The acting Secretary then read the notice of the first item of business to come before the meeting. Whereupon it was decided to postpone any discussions upon the future plans, policies and prospects of the company.

The second matter to come before the meeting as stated in said notice was then discussed. Mr. Raftery briefly related the history of the proposal made and the negotiations conducted between Vanguard Films, Inc. and this corporation for the distribution of a British-made picture starring Vivien Leigh. A general discussion was then had concerning the matter. Mr. Raftery reported that the proposal as submitted by Vanguard Films, Inc. was not acceptable to certain of the stockholders of this corporation. It was suggested that a counter proposal be made to Vanguard Films, Inc. in form acceptable to all of the stockholders of this corporation including Vanguard Films, Inc. Mr. Raftery was instructed to continue negotiations with Vanguard Films, Inc. and endeavor to work out an agreement acceptable to all of the stockholders of this corporation including Vanguard Films, Inc., and to report the details thereof at the next meeting of the stockholders of this corporation for formal

consideration and action thereon.

It was then announced that the next matter to come before the meeting concerned the report from the directors of this company on the Edward Small settlement. Mr. Raftery related in detail the terms of the settlement which had been made by the directors and the advantages to this corporation for making said settlement. An extended discussion was then had concerning the settlement. David O. Selznick and Daniel T. O'Shea, on behalf of Vanguard Films, Inc., stated that it was their opinion that the terms of the settlement set a bad precedent for the company to make because it charts the whole future course for the company to take in its negotiations with producers for the distribution of motion pictures in that it commits this company to a policy of distribution on a sliding scale. Mr. Selznick stated that notwithstanding the fact that by the terms of the settlement this company is relieving itself from possible liability in excess of $200,000.00, and notwithstanding the fact that the settlement may encourage and aid Edward Small Company to produce photoplays which may be more profitable for this company to distribute, that such advantages do not justify the making of the settlement on a basis which grants to Edward Small Company or any other company better and more profitable advantages for the distribution of photoplays than those which are granted to the producer stockholders of this company. Mr. Raftery reported that those matters were taken into consideration at the time the settlement was approved

by the board of directors, and that he and the directors of this company are convinced that it is to the best advantage of this company that the settlement be made on the basis agreed upon.

Charles Chaplin, The Pickford Corporation, and Alexander Korda Film Productions, Limited did not make any objection to the settlement. Mr. Raftery reported that he had personally talked to Charles Chaplin, Mary Pickford and Alexander Korda, and that each told him that the settlement was, in their opinion, to the best interests of this company.

It was then announced that the next business to come before the meeting was that which concerned the matter of advancing to Charles Rogers Productions the sum of $25,000.00 as pre-cost on pictures numbers 2 and 3. A general discussion was had concerning that matter and the opinion of the meeting was that this corporation should not make the advance of the money requested to Charles Rogers Productions. Whereupon, on motion duly made, seconded and unanimously carried, it was

> RESOLVED, that this corporation reject the request made to it by Charles Rogers Productions for an advance in the sum of $25,000 as pre-cost on pictures numbers 2 and 3.

It was then announced that the next matter to be discussed at this meeting concerned the status of the Korda stock and to determine if it would be advisable for this company to purchase said stock, and if so, on what terms, assuming said stock is now for sale. Mr. Silberberg stated that he had

discussed the matter with Mr. Korda before he left for New York, and that he was not authorized by his principal to make any commitment regarding the sale of the Korda stock and that he did not have any definite knowledge as to whether or not the stock is for sale. A general discussion was then had concerning all previous conversations between Mr. Korda and Mr. Raftery concerning the sale of the Korda stock. Mr. Selznick stated that if the stock was for sale and if this company is not interested in purchasing said stock upon the terms or conditions under which same could be purchased, that he was interested in acquiring the stock and that he wanted to know whether or not there was any objection on the part of any stockholder of this corporation to the purchase of the stock by him or by a company in which he is personally interested. Reference was then made to the By-Laws of this corporation concerning the purchase and sale of stock of this corporation and the method set forth in the By-Laws for the determination of the purchase price. Upon conclusion of the discussion it was moved, seconded and carried as follows:

> RESOLVED, that this corporation approve the sale of the Korda stock in England to United Artists Corporation, Ltd. for £125,000 cash, payable in England, upon the following conditions:
>
> 1. That Alexander Korda resign or sever all official positions which he holds with United Artists Corporation and with the United Artists Corporation, Ltd., and all affiliated interests.
>
> 2. That Alexander Korda release and forever discharge this company and the United Artists Corporation, Ltd. from any and all claims, accounts, liabilities, actions and causes of

action which he has or could have, arising out of any and all matters subsequent to the date upon which the sale is consummated.

3. That the purchase of said stock be made pursuant to authority of the board of directors of the United Artists Corporation, Ltd. granted at a meeting duly held in accordance with the By-Laws of that company.

4. That the British Treasury expressly approve the said sale in writing; and

BE IT FURTHER RESOLVED, that upon the consummation of the said sale this corporation execute to Alexander Korda a general release by the terms of which Alexander Korda shall be forever released and discharged from any and all claims, obligations, liabilities, actions and causes of action arising in favor of this corporation against Alexander Korda subsequent to the date of said sale.

Mendel Silberberg, representing Alexander Korda, did not vote on the foregoing resolutions.

A discussion was then had concerning the calling of the annual meeting of the stockholders of this corporation. The President was requested to call the belated annual meeting of the stockholders of this corporation as soon as possible in conformance with the By-Laws of this corporation.

There being no further business, the meeting adjourned.

Edward C. Raftery

President

S Earlewiger

Acting Secretary.

PROXY.

The undersigned, CHARLES CHAPLIN, does hereby nominate, constitute and appoint Alfred Reeves, with power of substitution, the undersigned's proxy and attorney-in-fact to attend all meetings of the stockholders of United Artists Corporation, whether regular or special, for the calendar year 1943, and to vote all such stock which the undersigned is entitled to vote.

Dated: March 29, 1943.

Charles Chaplin.

Charles Chaplin.

STATE OF CALIFORNIA, )
COUNTY OF LOS ANGELES. ) ss.

CHARLES E. MILLIKAN, being by me first duly sworn, deposes and says:

That he is a resident of the County of Los Angeles, State of California, and is an officer of UNITED ARTISTS CORPORATION, a Delaware corporation, to-wit, the Assistant Secretary thereof.

That acting in his capacity as Assistant Secretary of said corporation and pursuant to its By-Laws and by order of the President of the corporation, your affiant did on Thursday, April 22, 1943, send a notice of the time and place of the annual meeting of the stockholders of said corporation, to be held on Monday, May 3rd, 1943, said notice having been sent by mail to each stockholder of said corporation; that said notice was in the form and wording of the copy of same hereunto annexed to this affidavit.

Charles E. Millikan

SUBSCRIBED AND SWORN to before me this 3rd day of May, 1943.

Anita Garrett.
Notary Public in and for said County and State.

Los Angeles, California,

April 22nd, 1943.

TO THE STOCKHOLDERS OF
UNITED ARTISTS CORPORATION:

Notice is hereby given that the annual meeting of stockholders of United Artists Corporation will be held at the offices of United Artists Corporation, 1040 North Las Palmas, Los Angeles, California, at three o'clock in the afternoon, on Monday, May 3rd, 1943, for the transaction of such business as may properly come before an annual meeting of stockholders. You are advised that the place for holding said meeting has been determined by appropriate resolution of the board of directors of said corporation.

Very truly yours,

Chas. E. Millikan,
Assistant Secretary.

CEM/AG

# P R O X Y.

KNOW ALL MEN BY THESE PRESENTS:

That the undersigned, a stockholder of UNITED ARTISTS CORPORATION, does hereby constitute and appoint DAVID O. SELZNICK and DANIEL T. O'SHEA, or either of them, the proxy and attorney-in-fact of the undersigned, to vote and represent all shares of stock owned by the undersigned in said corporation at any and all special meetings of its stockholders, and at any and all adjournments thereof, to be held during the year 1943 and thereafter or until further order of the Board of Directors of the undersigned corporation.

Said proxies are hereby given discretionary authority with respect to matters to which the undersigned does not give voting specifications.

IN WITNESS WHEREOF, the undersigned has caused its corporate name and seal to be affixed hereunto and this instrument to be executed by its proper officer, this 3rd day of May, 1943.

VANGUARD FILMS, INC.

By Daniel T. O'Shea

# P R O X Y

KNOW ALL MEN BY THESE PRESENTS that the undersigned, THE PICKFORD CORPORATION, a corporation, holder of FOUR THOUSAND (4,000) shares of the stock of UNITED ARTISTS CORPORATION, a corporation of the State of Delaware, does hereby appoint Mary Pickford its true and lawful attorney with full power of substitution and revocation, for it and in its name, to vote as its proxy at the annual meeting of the stockholders of said company, to be held on the 3rd day of May, 1943, and at any adjournment or adjournments thereof; hereby ratifying and confirming all that said attorney or substitute may lawfully due in the premises.

WITNESS the execution of this proxy by the said THE PICKFORD CORPORATION this 1st day of May, 1943.

THE PICKFORD CORPORATION

By Mary Pickford
Mary Pickford, President

Attest:

A. N. Goolin
Secretary.

KNOW ALL MEN BY THESE PRESENTS

That the undersigned Charles Chaplin, a stockholder of United Artists Corporation, hereby constitutes and appoints Charles Schwartz with full power of substitution for and in the name, place and stead of the undersigned, to vote all of the shares of the capital stock standing in the name of the undersigned on May 3rd, 1943 at the annual meeting of stockholders of such corporation to be held at the United Artists offices, General Service Studios, Hollywood, California, and at any adjourment or adjourments thereof with all the powers the undersigned would possess, if personally present at said meeting. The undersigned hereby revokes any proxy or proxies heretofore given with respect to such shares, and hereby ratifies and confirms all that said attorney and proxy or his substitute may lawfully do by virtue hereof.

IN WITNESS WHEREOF the undersigned has exercised this proxy this 1st day of May, 1943.

Charles Chaplin (LS)

WAIVER OF NOTICE OF SPECIAL MEETING OF BOARD OF DIRECTORS OF UNITED ARTISTS CORPORATION.

WE, the undersigned, being a quorum of the Directors of UNITED ARTISTS CORPORATION, do hereby waive notice of a meeting of the Board to be held on April 26th, 1943 at 10:30 a. m. at the office of the corporation, 729 Seventh Avenue, ~~New York,~~ and do hereby consent to the holding of said meeting and the transaction of any and all business which may come before said meeting, and we do hereby approve and adopt the minutes of said meeting and all action taken thereat.

Dated April 26th, 1943.

Edward C. Raftery

Arthur W. Kelly

Gradwell L. Sears

MINUTES OF SPECIAL MEETING OF THE BOARD

OF DIRECTORS OF UNITED ARTISTS CORPORATION

April 26th, 1943.

Special Meeting of the Board of Directors of United Artists Corporation was held in the President's Office of the corporation at 729 Seventh Avenue, Borough of Manhattan, New York City, on the 26th day of April, 1943 at 10:30 a. m. in the morning pursuant to call as provided by the By-laws and pursuant to the foregoing waiver and consent.

There were present:

Messrs. Edward C. Raftery,
Gradwell L. Sears
Arthur W. Kelly,

constituting a quorum of the Board of Directors.

Also present:

Messrs. Harry J. Muller
Paul D. O'Brien

Mr. Edward C. Raftery presided at the meeting and Mr. Paul D. O'Brien acted as Secretary of the meeting.

At a meeting of the stockholders held on October 5, 1941 the following resolution was adopted:

"Regarding the sliding scale distribution terms, which were to be incorporated in the Selznick agreements, it was the unanimous opinion of the meeting that the sliding scale distribution terms should be put in effect with all producers entitled to the same as of January 1st, 1941. No payments, however, are to be made thereunder until after the issuance of the Price, Waterhouse & Co. annual audit of the Company's affairs for the calendar year 1941, and the necessary amendment to the distribution contracts to be drawn to take care of the above amendment."

At a special meeting of the Board of Directors held on August 11, 1942 the following resolution was adopted:

"Mr. Kelly, Vice President and Mr. H. J. Muller, Treasurer, are hereby authorized to give the necessary instructions to write upon the books the rebates due Mr. Charles Chaplin and Alexander Korda Films, Inc. on their various pictures affected under the Selznick Rebate Plan for the year 1941 on the basis of-

25% to $800,000 in U. S. A. and 10% thereafter;
25% to 50,000 in Canada and 10% thereafter;
25% to £ 70,000 in Great Britain and 10% thereafter, and
25% straight in all other foreign countries, except invaded countries."

Mr. Arthur W. Kelly stated that the several subsidiary companies had been instructed to set up reserves for the amount calculated to have arisen in the several territories but that the company's auditors had raised a question as to propriety of having subsidiaries outside of North American bear any portion of the rebates calculated retroactively. Mr. Kelly also stated that the question of propriety of the foregoing was discussed with General Counsel of the corporation and that he had also asked General Counsel for a ruling as to whether, within the interpretation of the resolution adopted by the stockholders in the meeting of October 5, 1941 (referred to above) the rebates should apply to the Charles Chaplin production "The Great Dictator" which was released in October 1940. Mr. Kelly reported that General Counsel advised that the rebates should be borne by the corporation and its Canadian subsidiary and that in their opinion the resolution adopted by the stockholders on October 5, 1941 did not apply to the Chaplin production "The Great Dictator". Mr. Kelly reported the contents of cables between the corporation and certain foreign subsidiaries, and particularly one received from the British Company relative to the rebates.

After discussion of the foregoing it was unanimously

RESOLVED to rescind the resolution adopted by this Board on August 11, 1942 with respect to producers' rebates and to adopt the following resolution in its stead:

RESOLVED, that the treasurer be instructed to take the necessary steps to have the Canadian subsidiary and this corporation to set up on their books the aggregate amount of $293,850.75 as at January 3, 1942 as the only retroactive rebates applicable to fifty-three weeks then ended and that the other subsidiary companies (except the British subsidiary) which had previously recorded reserves for producers'

rebates be instructed to reverse their entries in 1943; and it was further

RESOLVED, that the treasurer is hereby empowered to adjust the accounts rendered by the several subsidiary companies operating outside of North America for 1941 and 1942 to conform with the foregoing resolution so that the adjusted accounts shall be those used for consolidation purposes as at the end of the company's fiscal years 1941 and 1942; and it was further

RESOLVED, that the treasurer is hereby empowered to adjust the accounts rendered and to be rendered by the British subsidiary for inclusion in consolidation as at the end of 1941, 1942 and subsequent years, if necessary, so that they shall reflect the reserves shown on the books of the British subsidiary for producers' rebates as a liability in favor of United Artists Corporation (Delaware) (inasmuch as the provisions creating such reserves were charged on the books of the British company against the United Artists (Delaware) commission account).

Mr. H. J. Muller, Treasurer, was invited to the meeting and was advised of the contents of the foregoing resolutions and was instructed to take such steps and any additional steps which may be required to be taken to effectuate the speedy consummation of the actions authorized by the foregoing resolutions and to confer with Mr. Arthur W. Kelly with respect to any detailed procedure upon which he may need advice or assistance and the following resolution, Mr. H. J. Muller not voting, was unanimously adopted:

RESOLVED, that Mr. H. J. Muller, Treasurer, shall have no responsibility with respect to the foregoing adopted resolutions concerning which he has been instructed other than to see that they are meticulously carried out and that the consolidated accounts of the corporation and its subsidiary companies be compiled and prepared in accordance therewith beginning as of January 3, 1942 until such time, if ever, as further action is taken by the stockholders and/or the directors of this corporation.

Mr. H. J. Muller, Treasurer, was then excused from the meeting.

Mr. Arthur W. Kelly reported to the Board that in conformity with past practice a provision for contingencies in the amount of $210,000 with respect to possible additional income taxes in foreign countries was required for the year 1941 and that he had instructed Mr. H. J. Muller, Treasurer, to set that amount up on the books of the corporation. After discussion it was unanimously

RESOLVED, that the action of Mr. Arthur W. Kelly in instructing the Treasurer to provide a contingent reserve of $210,000 be a charge against 1941 operations is hereby ratified, affirmed and approved.

In November 1942 because of the frequent absence of the officers of this corporation and other circumstances which made it advisable Paul D. O'Brien was elected a Vice-President although this election was not recorded in any meeting. On motion duly made and seconded it was

RESOLVED, that Paul D. O'Brien was elected a Vice-President, of this corporation, and the Board of Directors on behalf of the corporation hereby confirms, ratifies and approves each and every action taken by Paul D. O'Brien as a Vice-President since November, 1942.

Mr. Raftery brought to the attention of the Board the suggestion and recommendation of Joseph Blumenfeld, who is managing United Artists Theatre in San Francisco for Feature Theatre Co. Ltd., that Feature Theatre Co. Ltd. be dissolved immediately and that the lease and any other assets of that corporation be distributed to United Artists Corporation and to Abe Blumenfeld and Joseph Blumenfeld as Trustees and Dennis J. McNerney and that said parties enter into an agreement with each other, in the form of a joint venture agreement or a co-partnership, for the purpose of operating United Artists Theatre in San Francisco. After a general discussion of the matter, motion was made, seconded and unanimously carried that the following resolution be adopted:

RESOLVED, that UNITED ARTISTS CORPORATION, as a stockholder in Feature Theatre Co. Ltd., consent to and approve of the dissolution of said Feature Theatre Co. Ltd., upon such plan of dissolution as the president and counsel of this corporation shall approve, and that the president and secretary or a vice-president and an assistant secretary be and they are hereby empowered to enter into an agreement with Abe Blumenfeld and Joseph Blumenfeld as Trustees and Dennis J. McNerny, in the form of a joint venture or co-partnership, as president and

counsel of this corporation shall approve, for the purpose of carrying on the operation of United Artists Theatre at San Francisco.

BE IT FURTHER RESOLVED that the president and secretary or any vice-president and assistant secretary be and they are hereby empowered and authorized to sign such agreements and other documents in writing as may be necessary to effectuate the purpose of the foregoing resolution.

Mr. Kelly brought to the attention of the meeting the Korda settlement which was made as of November 21, 1942, and stated that United Artists Corporation gave up its right to collect receivables and interest which approximate $627,000. For this, Korda and his companies released to United Artists all Sliding Scale Rebates which Korda or his companies had or may have had on the pictures THIEF OF BAGDAD, HAMILTON WOMAN, LYDIA and JUNGLE BOOK, plus all their rights in the revenue to be derived from the distribution in the United States and Canada of THIEF OF BAGDAD, HAMILTON WOMAN, LYDIA, JUNGLE BOOK and LION HAS WINGS after November 21, 1942, and ending thirty months after the respective release date of each picture, plus the stock of Manhattan Films, Inc.

Mr. Kelly stated that he had discussed this matter with counsel and with Price, Waterhouse and Company sometime ago and as a result had instructed that the Sliding Scale Rebates which amounted to approximately $477,000 up to November 21, 1942 be applied against the sum of $627,000 aforementioned; that the sum of $20,000 be placed upon the books of United Artists Corporation as the value of the rights in the revenue to be derived from the distribution in the United States and Canada of the five pictures aforementioned and that the balance of approximately $130,000 remaining of the sum of $627,000 be placed upon the books of United Artists Corporation as the value of the stock of Manhattan Films, Inc. Mr. Kelly's action was confirmed by the meeting.

Mr. Kelly further stated that as a result of his discussions, he had reached the conclusion that United Artists Corporation should acquire the assets and assume the liabilities of Manhattan Films, Inc., in consideration of the cancellation of its right to have stock issued in its name. The shares had not previously been issued. The assets of Manhattan Films, Inc., consisted of an investment of ONE OF OUR AIRCRAFT IS MISSING in the amount of $252,000 and an investment in IN WHICH WE SERVE in the amount of $30,000. These sums were borrowed from Bankers Trust Company and Consolidated Film Industries, Inc., respectively and sums which accrue to Manhattan Films, Inc., on these two pictures were pledged as security for these loans.

After discussion it was moved, seconded and unanimously

RESOLVED,

(1) That United Artists Corporation acquire the assets and assume the liabilities of Manhattan Films, Inc. as of April 30, 1943, in consideration for the cancellation by United Artists Corporation of its right to have the entire capital stock of Manhattan Films, Inc. (acquired under the Korda settlement) issued in its name, and

(2) That Manhattan Films, Inc. be dissolved and that the proper officers of United Artists Corporation, sole stockholder of Manhattan Films, Inc., be and they are hereby authorized to execute any and all documents that are necessary to accomplish the acquisition of assets, the assumption of liabilities and the dissolution of Manhattan Films, Inc.

(3) That the amount of the investments in ONE OF OUR AIRCRAFT IS MISSING and IN WHICH WE SERVE be transferred from the books of Manhattan Films, Inc. to the books of United Artists Corporation and placed in an account to be known as "Investment in AIRCRAFT and SERVE" and that there be added to such account the cost of acquiring Manhattan Films, Inc. under the Korda Settlement.

There being no further business the meeting adjourned.

Paul D. O'Brien,
Secretary of Meeting

MINUTES APPROVED:

Edward C.Raftery

Arthur W.Kelly

Gradwell L.Sears

# MINUTES OF ANNUAL MEETING OF STOCKHOLDERS
# OF
# UNITED ARTISTS CORPORATION.

Pursuant to notice given by the Assistant Secretary, by order of the President, the stockholders of United Artists Corporation met in annual meeting on Monday, May 3rd, 1943, at the hour of 3:00 o'clock P. M., at 1040 North Las Palmas, Los Angeles, California.

Upon roll call, the following stockholders were found to be present either personally or by proxy: The Pickford Corporation, by Mary Pickford, its proxy; Vanguard Films, Inc., by David O. Selznick and Daniel T. O'Shea; Charles Chaplin, by Charles Schwartz; Alexander Korda Film Productions, Limited, by Mendel Silberberg, its proxy, and also by Edward C. Raftery and Arthur Kelly, as proxy for the said Alexander Korda by agreement dated November 21, 1942.

There were also present the following: Gradwell Sears, George L. Bagnall and Loyd Wright.

By consent of all present, the President, Mr. Raftery, assumed the chair and Mr. Wright, the Secretary, acted as secretary of the meeting.

The secretary stated that he held the affidavit signed by the Assistant Secretary of the corporation, attesting the fact that he had given due call of the meeting, and that said

affidavit together with a copy of said notice were attached to these minutes. He stated that every stockholder of the corporation was present in person or by proxy, and that therefore the meeting was competent to proceed.

The minutes of the last annual meeting, to-wit, of December 12th, 1941, were at the request of the stockholders summarized by the secretary.

Thereupon, it was moved, seconded and unanimously carried as follows:

> RESOLVED, that a photostatic copy of the minutes of the last annual meeting, to-wit, December 12th, 1941, and a photostatic copy of the minutes of the last meeting of stockholders, to-wit, March 29th, 1943, be and the same shall be sent to each stockholder of the corporation, and that likewise a photostatic copy of the agreement dated November 21, 1942, by and between Alexander Korda Films, Inc., etc., and United Artists Corporation, be and the same shall be sent to each stockholder of the corporation, and that a photostatic copy of said agreement be placed in the minute book next succeeding these minutes.

Upon motion duly made, seconded and unanimously carried, the meeting was adjourned to Wednesday, May 5th, 1943, at the hour of 11:00 o'clock A. M., at the offices of Mr. George Bagnall, 1040 North Las Palmas, Los Angeles, California.

The adjourned meeting of stockholders of United Artists Corporation was called to order by chairman Edward C. Raftery on Wednesday, May 5th, 1943, at the hour of 11:00 o'clock A. M., at 1040 North Las Palmas, Los Angeles, California.

Upon roll call it was ascertained that there were present the following:

Miss Mary Pickford, David O. Selznick, Edward C. Raftery, Mendel Silberberg, Daniel T. O'Shea, Charles Schwartz, Gradwell Sears, Arthur Kelly, George Bagnall and Loyd Wright.

The chairman announced that all of the stockholders were present in person or by proxy, and that the meeting was competent to proceed.

The first order of business was the solicitation by the chairman of comments and observations of any of the stockholders relative to the written report and financial statements submitted to the stockholders at the meeting held on Monday, May 3rd, 1943.

Mr. Schwartz thereupon entered into a discussion and complimented the management upon its accomplishments, and at the same time discussed certain specific items in the financial report with special reference to the domestic loss for the years 1941 and 1942. A general discussion ensued in which the management outlined the obligations incurred in taking on the Paramount product, the Stromberg commitments, the Small settlement and other commitments. It was the general observation of those attending the meeting that the corporation should use every reasonable effort to obtain more volume, and should not enter into contracts

containing distribution charges similar to the Selznick terms or any other terms which domestically create a deficit. Mr. Selznick raised the point that the management had in many instances exceeded its authority pursuant to the by-laws, in entering into contracts, and specific instances were discussed without any formal action being taken in any regard.

The chairman announced that the next order of business was the election of directors and officers, which was by unanimous consent deferred until other matters of business were taken up and discussed.

Mr. Schwartz then read and presented to the meeting a lengthy statement on behalf of Mr. Charles Chaplin, a typewritten copy of which was handed the secretary pursuant to request of Mr. Schwartz, and the chairman directed that the same be incorporated in these minutes. The statement so read is as follows:

STATEMENT OF CHARLES CHAPLIN READ TO THE STOCKHOLDERS OF UNITED ARTISTS CORPORATION AT ITS ANNUAL MEETING HELD ON MAY 3, 1943.

I desire to bring before the stockholders of this company the following matters:

MATTER NO. 1.

On or about October 4, 1941, this company entered into a series of agreements with Selznick International Pictures, Inc., David O. Selznick Productions, Inc., and David O. Selznick, under which this company agreed among other things to the following:

(a) To cancel the agreement then existing providing for the production and delivery to this company of a balance of two pictures due under such agreement;

(b) To the release of David O. Selznick individually from the agreement then in effect that the next two pictures produced by Selznick at any time after the date of such agreement would be delivered to this company under the agreement above mentioned in Subdivision (a);

(c) To the deposit of a unit of stock of the capital stock of this company for the account of David O. Selznick Productions, Inc., with the immediate right of the power to vote such stock and the benefit of a credit of any dividends paid on such stock against the purchase price;

(d) To the payment of THREE HUNDRED THOUSAND DOLLARS ($300,000) upon execution of such agreement.

At or about the time these agreements were entered into, our company was in immediate need of important pictures to maintain its reputation and prestige and also to secure the revenues to be derived from the distribution of important pictures in order to meet its current operating expenses.

Mr. Selznick and his companies had theretofore purchased and were then in the process of acquiring important literary properties which required and would require the work of writers and others to prepare and complete them for use in the making of pictures based upon such works. Mr. Selznick and his companies also had outstanding contracts with important personalities who were to be used in the picturization of the properties aforementioned and monies were required to pay the financial obligations of Mr. Selznick and his companies to these artists to the end that they would remain and continue in his employ and their employ to be available for use in the production of such pictures.

As a condition of the making of the series of agreements between this company and Mr. Selznick and his companies dated October 4, 1941, Mr. Selznick and his companies insisted on the payment of the above mentioned sum of Three Hundred Thousand Dollars, which he and they represented would be used for the development of the properties already purchased and for the purchase of additional properties and their development and in the continuance in his and their employ of the artists above mentioned and for the payment of other items of pre-negative cost, all such pictures to be made and delivered to United Artists for distribution. Accordingly such sum of Three Hundred Thousand Dollars was paid because of these representations by Mr. Selznick and his companies and in reliance thereon.

Mr. Selznick and his companies knew that this company was short of and that there was a dearth of important motion picture product. Mr. Selznick and his companies knew that the prompt production and delivery by Mr. Selznick and his companies of pictures based upon the literary material above mentioned with the participation of the stars above mentioned, was of the essence to United Artists. Mr. Selznick and his companies knew that the moving consideration for the payment of said sum of Three Hundred Thousand Dollars, the deposit of an entire unit of the capital stock of this company for his benefit and that of his companies, including the rights of ownership, embracing the voting right and the right to receive dividends and, for the cancellation of the firm obligation of Mr. Selznick and his companies to deliver two pictures (being the balance due under the contract then in effect), and his personal guarantee thereof, was the prompt completion of the preparation of the literary material then acquired and to be acquired by him and his companies, and the picturization thereof with the participation therein of the personalities controlled by him and by them, and the delivery of one or more of such pictures at the earliest possible time to our company for distribution.

Mr. Selznick and his companies as a further condition to the making of the contracts of October 4, 1941, demanded material changes in the management and operation of the company, including the changing of important personnel and the addition of executives involving an additional expense to the company over and above its then operating expense of a sum in excess of Six Thousand Dollars a week.

Moreover, as a further condition of the execution and delivery of such contracts, Mr. Selznick and his companies insisted upon material changes in the by-laws of this company which he considered would be for his benefit and that of his companies.

And for the reasons above stated, this company consented to and submitted to the demands of Mr. Selznick and his companies and made the changes in its operating forces and hired the additional personnel and incurred the additional weekly expense of Six Thousand Dollars and made the material changes in its by-laws.

Notwithstanding the foregoing and in complete violation of the rights of this company and to its serious financial detriment, Mr. Selznick and his companies completed the material which he and they then possessed, acquired new material for use in the picturization of pictures and completed such material for picturization, and thereupon sold all such material and rented out the

personalities which he and they then had under contract, to the Twentieth Century-Fox Film Corporation for a large sum of money which netted him a profit, the exact amount of which is unknown to us, but we believe exceeds One Million Dollars.

By this transaction Mr. Selznick and his companies divested themselves of the literary properties and personalities required to make the pictures they were obligated to produce and deliver to this company under their contracts and thereby disabled themselves from performing their obligations thereunder.

Mr. Selznick and his companies in committing the foregoing acts not only breached the spirit and the letter of the series of agreements dated October 4, 1941, but broke and violated the representations made in connection therewith which induced this company to enter into such series of agreements.

Moreover the relationship of the stockholders of this company to each other is of such a character that each owes to the other certain fiduciary obligations, which have been violated by Mr. Selznick.

In view of the foregoing it is my opinion that this company is entitled to all the benefits derived by Mr. Selznick and his companies from the sale of the material to Twentieth Century-Fox Film Corporation and the farming out of the personalities to them, and that this company is entitled to recover from Mr. Selznick and his companies all such benefits derived by him and them out of the foregoing transaction.

As a stockholder of this company, it is my opinion that suit should be brought by this company with all diligence against Mr. Selznick and his companies to recover from Mr. Selznick and his companies the benefits derived by them from the foregoing transaction.

I accordingly request that the stockholders of this company by a vote taken at this meeting express their views in favor of the foregoing action and I desire to propose a resolution and hereby do so, that the stockholders recommend to its directors that such action be taken and taken promptly.

It is my further recommendation that if such action is favorably taken by the stockholders and by the Board of Directors, the New York co-counsel of this company be engaged as the attorneys to handle such matter on condition that no charge for services be made by them other than the payment of their regular retainer, and that if

suit is brought by them other than in New York, the reasonable expense of local counsel selected by them shall be paid.

MATTER NO. 2.

The stockholders and directors of this company are familiar with the claim that I have heretofore made of the right to receive certain retroactive rebates on my picture "THE GREAT DICTATOR." I desire to formally place on record my protest against the non-recognition of my claim.

MATTER NO. 3.

Our company entered into a settlement agreement with Mr. Korda and his companies in or about November, 1942. I did not agree to nor do I approve of such settlement and I desire to record my protest against the same.

Thereupon, Mr. Schwartz moved that the stockholders request the board of directors to start suit against David O. Selznick and his companies for damages occasioned by the alleged actions contained in the statement as above set forth. The motion was lost for lack of a second. During the discussion directed toward the above motion, Mr. Schwartz raised the question as to the proxies representing Mr. Korda. Mr. Raftery stated that in his opinion the proxy was vested in Mr. Kelly and in himself, and he stated that he would not exercise any vote nor would he second the motion since in his opinion, the matter raised was a matter as between stockholders and was one in which he felt Mr. Kelly and he should not become involved.

Mr. Selznick stated to the meeting that there were many statements contained in the statement presented to the meeting by Mr. Schwartz that were not factual and which were inaccurate.

The meeting was then recessed for lunch.

The meeting reconvened at 1:40 o'clock p. m. on Thursday, May 6th, 1943.

Mr. Selznick announced that he had planned to start production on July 15th, 1943, but that since the attitude of Mr. Chaplin was displayed in the statement read by Mr. Schwartz, and due to the precarious condition of the financial affairs of the company, which he felt was due in a large measure to the inability of the management to obtain a meeting of stockholders from time to time, he had decided that he would not prejudice the capital necessarily involved in the making of a large picture.

Mr. Silberberg, on behalf of Mr. Korda, called attention to the fact that in reliance upon the settlement referred to in Mr. Schwartz' statement, Mr. Korda had changed his position; that there had been no intimation that the finality of the agreement entered into between the company and Mr. Korda was to be questioned, and that all stockholders had been advised before and at the time the settlement was made, and that Mr. Korda was obviously entitled to rely upon the fact that a settlement had been made with the duly authorized officers of the company.

Mr. Schwartz then suggested that in his opinion it was imperative the management be permitted to run the affairs of the corporation unshackled from the restrictive provisions of the by-laws, except in those matters relating to finances and disposition of the corporate stock. In the discussion Mr. Sears and Mr. Raftery explained the Paramount transaction

and the necessity therefor, which every one present agreed was a very fine transaction for the corporation.

The matters of the Edward Small settlement, Hunt Stromberg financing and other matters were presented.

Mr. Sears presented to the meeting and the secretary was directed to incorporate in the minutes, a series of telegrams which had passed between Mr. Daniel T. O'Shea, as President of Vanguard Films, Inc., Mr. Raftery and Mr. Sears. Said telegrams are as follows:

WESTERN UNION

NL CULVER CITY CALIF APRIL 14, 1943 AM 6:44

EDWARD C. RAFTERY, PRESIDENT
UNITED ARTISTS CORP.
729 SEVENTH AVE., NEW YORK.

AS I TOLD YOU OVER THE TELEPHONE YESTERDAY WE WERE MORE THAN A LITTLE SHOCKED TO LEARN THAT THE PROPOSED NEBENZAL RELEASING DEAL WITH UNITED ARTISTS, APPROVAL TO TAKE ON WHICH YOU SOUGHT OF ME BY TELEPHONE AS THE PRESIDENT OF VANGUARD FILMS, ONE OF THE STOCKHOLDERS OF UNITED ARTISTS, HAD BEEN CONCLUDED BY YOU NOTWITHSTANDING THE FACT THAT VANGUARD WAS STILL CONSIDERING THE MATTER AND AWAITING AN OPPORTUNITY TO DISCUSS THE PROPOSED DEAL WITH THE OTHER STOCKHOLDERS, NOT HAVING IN THE MEANTIME INDICATED THAT IT PROPOSED TO APPROVE OR DISAPPROVE THE DEAL. WE CANNOT APPROVE THE NEBENZAL DEAL AND WE RESERVE OUR RIGHTS AS STOCKHOLDERS IN THE PREMISES JUST AS WE DID IN THE CASE OF THE EDWARD SMALL PRODUCTIONS REVISED AND AMENDATORY DEAL, A SITUATION IN WHICH SIMILARLY THE MANAGEMENT TRANSGRESSED THE RESERVED RIGHTS OF THE STOCKHOLDERS BY PROCEEDING TO CONSUMMATE A DEAL WITHOUT PRIOR DISCUSSION WITH THE STOCKHOLDERS AND WITHOUT THE STOCKHOLDERS APPROVAL. OUR SHOCK AND SURPRISE RE THE NEBENZAL DEAL IS HEIGHTENED BY THE FACT THAT FROM WHAT YOU TOLD ME YESTERDAY THIS DEAL ORIGINATED SUBSEQUENT TO THE LAST STOCKHOLDERS MEETING ON MARCH TWENTY NINTH, AT WHICH TIME WE MADE KNOWN TO YOU, AND I BELIEVE IT WAS THE CONSENSUS OF THE MEETING THAT THEREAFTER ALL DEALS WOULD BE SUBMITTED TO THE STOCKHOLDERS FOR

APPROVAL, AND FURTHER THAT THE SUBMISSION WOULD BE IN MEETING ASSEMBLED SO THAT THE STOCKHOLDERS EACH COULD HEAR THE PROPOSAL IN IDENTICAL WORDS AND SO THAT EACH STOCKHOLDER WOULD BE AFFORDED AN OPPORTUNITY TO MAKE KNOWN TO THE OTHERS SUCH STOCKHOLDERS FEELINGS PRO AND CON. IN VIEW OF THE IMMINENT DEPARTURE FOR ENGLAND OF SIR ALEXANDER KORDA WE INSIST THAT THE CORPORATION PROCURE THE OPINION OF INDEPENDENT COUNSEL AS TO THE SCOPE AND VALIDITY OF THE ALLEGED PROXY OF SIR ALEXANDER KORDA UNDER WHICH YOU INFORMED ME YESTERDAY THE MANAGEMENT HAD TAKEN ACTION TO APPROVE THE PROPOSED NEBENZAL DEAL. WE FEEL THAT THIS OPINION SHOULD BE OBTAINED LEST ACTIONS HERETOFORE OR HEREAFTER TAKEN PURSUANT TO THAT PROXY SUBSEQUENTLY BE QUESTIONED AND SO THAT THE COMPANY CAN HAVE ASSURANCE THAT ACTIONS TAKEN PURSUANT TO THE PROXY ARE PROPER ACTIONS, AND SECOND, SO THAT IF THE PROXY IS FOUND TO BE INVALID STEPS CAN BE TAKEN IMMEDIATELY TO RECTIFY THOSE RESPECTS IN WHICH IT IS FOUND TO BE INVALID. WE FURTHER FEEL THAT THERE SHOULD BE A RESOLUTION AND DETERMINATION OF THE ANOMALOUS SITUATION REPRESENTED BY THAT FACT THAT THAT PROXY RUNS TO THE PRESIDENT AND A VICE PRESIDENT OF THE CORPORATION INSTEAD OF TO THE STOCKHOLDERS OR ONE OF THEM. THAT THIS SITUATION CAN BE RESOLVED IS INDICATED BY THE FACT THAT SIR ALEXANDER KORDA INFORMED US THAT HE WOULD PREFER THAT THE PROXY RUN TO HIS PARTNERS THE STOCKHOLDERS, RATHER THAN TO THE OFFICERS OF THE CORPORATION OR ANY OF THEM. WE WOULD FURTHER APPRECIATE IT IF YOU WOULD INSTRUCT THE SECRETARY OF THE CORPORATION TO MAKE AVAILABLE TO US FOR OUR PERUSAL PRIOR TO THE NEXT MEETING OF THE STOCKHOLDERS A COPY OF THE MINUTES PROPOSED FOR ADOPTION AT THE NEXT MEETING OF THE STOCKHOLDERS. WE HAVE HEARSAY INFORMATION THAT THE MANAGEMENT IS PRESENTLY DISCUSSING AND OR CONSIDERING SEVERAL OTHER RELEASING DEALS WE MUST INSIST THAT NO FURTHER ACTION CALCULATED TO BIND THE CORPORATION BE TAKEN WITH RESPECT TO SUCH DEALS OR ANY PRIOR DEALS UNTIL THERE HAS BEEN A SUBMISSION OF THE SAME TO THE STOCKHOLDERS AT A REGULARLY CALLED MEETING AND UNLESS THERE IS A CONSENT AND APPROVAL OF SUCH DEALS BY THE STOCKHOLDERS IN ACCORDANCE WITH THE BYLAWS. YOU INFORMED ME YESTERDAY THAT THERE WERE CERTAIN RIGHTS OF APPROVAL CONTAINED IN THE NEBENZAL DEAL SUCH AS RIGHT OF APPROVAL OF DIRECTOR, PRINCIPAL MEMBERS OF THE CAST, STORY, ETC. IT IS MY RECOLLECTION THAT WE HERETOFORE HAVE BEEN INFORMED THAT THERE ARE SIMILAR RIGHTS OF APPROVAL IN SEVERAL RELEASING DEALS HERETOFORE MADE. YOU ADVISED ME THAT IT WAS PROPOSED THAT THE MANAGEMENT WOULD EXERCISE THESE RIGHTS OF

APPROVAL. WE FEEL THAT SINCE THESE ARE ALL DEALS WITH RESPECT TO WHICH THE STOCKHOLDERS HAVE NOT FULLY BEEN ACCORDED THEIR RIGHTS TO APPROVE OR DISAPPROVE, AND FOR THE FURTHER REASON THAT THESE RIGHTS OF APPROVAL ARE CONDITIONS PRECEDENT TO OBLIGATIONS OF THE CORPORATION UNDER THOSE DEALS, THAT EACH OF THESE MATTERS FOR APPROVAL HEREAFTER BE SUBMITTED TO THE STOCKHOLDERS. WILL YOU PLEASE FURTHER ADVISE ME WHETHER, PURSUANT TO DISCUSSION AT THE LAST SPECIAL MEETING OF THE STOCKHOLDERS OF MARCH TWENTY NINTH STEPS REQUIRED TO CALL THE ANNUAL MEETING OF THE STOCKHOLDERS ON APRIL NINETEENTH HAVE BEEN TAKEN.

DANIEL T. O'SHEA FOR
VANGUARD FILMS, INC.

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UNITED ARTISTS TELEGRAM.

APRIL 14, 1943.

MR. DAN O'SHEA,
DAVID O. SELZNICK PRODUCTIONS,
9336 WASHINGTON BLVD.,
CULVER CITY, CALIF.

RAFTERY TELLS ME YOU AND DAVID ARE ANNOYED ABOUT THE SKIRBOLL SPITZ PROPOSITION. IN THIS CONNECTION FOR THE SAKE OF THE RECORD LET ME MAKE IT PERFECTLY CLEAR THERE IS NO PROPOSITION FOR SKIRBOLL AND SPITZ TO SUBMIT EITHER TO MANAGEMENT OR STOCKHOLDERS AS MY DISCUSSIONS WITH SPITZ WERE PURELY PRELIMINARY AND CONTAINED NO FIRM OFFER BY EITHER SIDE AND THERE IS NOTHING WHATSOEVER IN THESE NEGOTIATIONS TO BE CONCERNED ABOUT UNTIL SUCH TIME AS A DEFINITE PROPOSITION IS SUBMITTED BOTH TO MANAGEMENT AND STOCKHOLDERS.

G. L. SEARS.

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WESTERN UNION

NL CULVER CITY CALIF APRIL 17 1943 PM 6:22

GRADWELL L. SEARS,
UNITED ARTISTS CORP.,
729 SEVENTH AVE., NEW YORK.

MY ANNOYANCE WAS NOT WITH THE SKIRBALL SPITZ PROPOSITION AS SUCH, BUT WITH WHAT I REGARD AS THE OUTRAGEOUS PROCEDURE OF THE MANAGEMENT IN PROCEEDING WITH NEGOTIATIONS, AND ACTUALLY ATTEMPTING TO CONCLUDE THEM, WITHOUT THE APPROVAL OF THE STOCKHOLDERS, DESPITE IT BEING CLEARLY UNDERSTOOD IN ED RAFTERYS PRESENCE THAT WE INSIST UPON A RETURN OF THIS APPROVAL OF PRODUCTION DEALS TO THE OWNERS. AN INSTANCE OF THIS IS THE NEBENZAHL DEAL ON THE HEELS OF THE SMALL SETTLEMENT, BOTH OF WHICH WE HAVE NOT AND STILL DO NOT APPROVE. WE HEARD RUMORS THAT VARIOUS OTHER DEALS FOR PRODUCT WERE BEING NEGOTIATED, INCLUDING SOME WITH SAM JAFFE AND WITH SKIRBALL AND SPIETZ. I THINK YOU HAD BETTER KNOW THAT FROM NOW ON IT IS OUR INTENTION TO SEE TO IT THAT UA DOES NOT GET LOADED DOWN WITH ANY MORE DUBIOUS PRODUCT, PARTICULARLY SINCE THERE IS NO CERTAINTY THAT PRESENT OR FUTURE FILM ALLOTMENTS WILL MAKE IT POSSIBLE TO TAKE CARE OF THE REQUIREMENTS OF THE STOCKHOLDERS, MUCH LESS PROMOTERS. AMONG OTHER THINGS, I MUST INSIST THAT FUTURE DISTRIBUTION CONTRACTS, EVEN WHEN APPROVED BY THE STOCKHOLDERS, CONTAIN A CLAUSE TO THE EFFECT THAT UA IS NOT RESPONSIBLE IF IT IS UNABLE TO DELIVER FILM BECAUSE OF GOVERNMENT REGULATIONS, AND THAT PRIORITY IS GIVEN TO THE STOCKHOLDERS AND PRODUCERS FOR WHOM ALLOTMENTS TO DATE HAVE BEEN SECURED. I AM SENDING COPIES OF THIS WIRE TO MESSRS. RAFTERY, KELLY AND BAGNALL.

DAN O'SHEA.

There was presented to the Board a request that the management furnish the stockholders a statement of cash position of the company weekly; a monthly balance sheet and an annual report by Price-Waterhouse, and also copies of all minutes.

After considerable discussion the request as to the furnishing of copies of the minutes was withdrawn and the system of having the original minutes in the office of the secretary and a copy in Mr. Bagnall's office to be subject to inspection of the stockholders, was directed to be continued. The management was instructed to make reports directly to the stockholders as to the financial affairs of the company, as often and as much detail as the facilities in the home office permitted, without incurring disproportionate overhead in doing so.

The chairman then presented to the meeting a series of letters that had passed between Price-Waterhouse and Co., and Alexander Korda, with reference to the amount of the holdings of United Artists Corporation in the Odeon Holding Company which was carried on the annual statement. The Secretary was directed to spread the correspondence on the minutes of this meeting.

The letters are as follows:

ALEXANDER KORDA
St. Regis Hotel
New York City.

April 13, 1943.

Price, Waterhouse & Company,
56 Pine Street,
New York, N. Y.

Registered.

Gentlemen:-

I understand from Mr. Arthur Kelly, Vice-President of the United Artists Corporation, that in the report and balance sheet you are now preparing about the United Artists Corporation of Delaware you propose to value the holdings of that Corporation in the Odeon Holding Company, Ltd., at $300,000.00. Also, that you propose to value the direct shares which United Artists holds in the Odeon Public Corporation of England at £-30,000.

As you know, I and the Alexander Korda Films Productions, Ltd., of London, own together four thousand shares of United Artists Corporation, which represent 25% of the present outstanding shares of that company. As a substantial stockholder, I must put myself on record to protest against this valuation. As you know, according to the by-laws of the Corporation, in case I wish to sell my holdings I have to offer my stock to the Corporation itself. Only in case the Corporation is unwilling to buy and the other partners are also unwilling to buy, am I free to dispose of my shares to anybody else. You are also aware that the conditions on which I am bound to offer my stock to the Corporation are based on the book value of the Corporation. Any substantial undervaluation, therefore, is bound to do me an irreparable harm, and I am afraid that unless you revise your present valuation of the above holdings you substantially lower the value of my holdings in United Artists.

Fortunately, it is very easy for you to ascertain the almost exact value of these assets. The shares of the Odeon Corporation are handled on the stock market in London, and I am sure that either your own company in England or any other reputable accounting firm will be able to give you a proper valuation for these assets.

I want to call your attention to the fact that over and above the market value of these stocks, the stock represents an additional value to any film corporation in the fact that it

represents a 50% holding in one of the most important theatre circuits of England, but disregarding these facts which, in your customary conservative methods, you do not want to express in dollars and cents, the holding itself is very many times in excess of the $300,000.00 at which you, I understand, want to value it.

I must voice the same criticism about the valuation of the other stocks which United Artists holds in the Odeon Corporation. The market value at present is very near to £100,000. Of course, I fully realize that the stock being held in England represents a factor which you have to express somehow or other in your record and on the balance sheets. Still I feel that the balance sheets must represent a fair valuation of these assets, and an under-valuation is just as wrong as an over-valuation would be, and I want to protest again on record against any such method of valuing these assets of the company as would irreparably prejudice my interests as a substantial stockholder.

I will stay a few more days in New York, and I would very much like to hear from you about this matter.

Very truly yours,

Alexander Korda.

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Copy for United Artists Corporation.

PRICE, WATERHOUSE & CO. 56 Pine Street,

New York,
April 21, 1943.

Sir Alexander Korda,
St. Regis Hotel,
New York, N. Y.

UNITED ARTISTS CORPORATION.

Dear Sir:-

We acknowledge receipt of your letter of April 13, 1943, which was addressed to us by registered mail, referring to the valuation at which the British subsidiary company of United Artists Corporation (Del.) carries its investments in Odeon Theatres, Limited and Odeon Cinema Holdings, Ltd.

At the outset we wish to inform you that as auditors we are not vested with authority to reappraise these investments nor do we propose to state them at an amount which differs from that at which they are carried on the books. Good accounting practice demands that assets be carried by companies at cost less reserves, if any reserves are required; it does not sanction upward revisions of assets (above cost) by going concerns. This is particularly true with respect to large investments in businesses associated with a company's main business as the real value of the investments lies more in the long-term advantages of continuing business relationships rather than in temporary valuations which appear to be indicated by changing market quotations of similar shares - which, incidentally, may have exceptionally wide variations over a period of years depending in many cases on the existing world economic conditions. As we understand the situation, the investments in the Odeon companies were acquired and are held by the British subsidiary of United Artists Corporation (Del.) for the benefits which have and should accrue to the main business of distribution of motion pictures - not for the purpose of sale when market quotations of similar shares indicate that a profit (even a substantial profit) can be made; as a matter of fact, we doubt very much that large blocks of stock could be sold in the open market without adversely affecting the market prices. You mention in your letter that the market value of the investment at present is very near to £100,000. The investment in Odeon Theatres, Limited cost United Artists Limited about £53,000. At December 28, 1940 the quoted market value of similar shares applied to the number of shares held indicated an approximate valuation of £56,000, which apparently is comparable to the nearly £100,000 at the present time as stated in your letter. It is conceivable that the same test applied at various dates in the

future may indicate considerable variations upward or downward, and as a matter of observation under the prevailing war conditions serious damage to the Odeon properties might adversely affect the market prices of Odeon shares.

In our reports covering our examinations of the consolidated balance sheets of United Artists Corporation (Del.) and subsidiary companies, we refer to or indicate the market quotations of similar shares of Odeon Theatres, Limited, but this is solely an observation which we believe pertinent only to the extent it might indicate to the directors whether a reserve may be required with respect to the investments in the event the cost of the investment exceeds the amount obtained by applying market quotations of similar shares to the shares held as an investment. It does not mean that the valuation obtained by that procedure should be the amount at which the asset should be carried and, as a matter of fact, our report would contain a serious qualification in the event the valuation so obtained was used by the corporation for balance sheet purposes even if the directors approved carrying the investment at the greater figure. A fundamental principle of good accounting provides that reserves may be, and in many cases should be, provided for anticipated losses but anticipated profits should not be taken into account until such profits are actually realized. The foregoing comments regarding market valuations do not necessarily apply to persons or firms engaged in the purchase or sale of marketable securities as a business.

Turning now to the conditions under which you and the Alexander Korda Films Productions, Ltd. as owners together of four thousand shares of United Artists Corporation (Del.) (which represent 25% of the present outstanding shares of that company) are bound to offer your shares in the event you wish to sell them, we should like to make the following observations:

(1) We are not responsible in any manner for the conditions imposed by the by-laws of the corporation or by any legend imprinted upon the certificates evidencing ownership of shares of the corporation.

(2) We do not value the company's assets and so long as the company carries the investments in the Odeon companies at clost (or at cost lessreserves if any are required), in our opinion, no harm is done to any stockholder for the reasons stated in the foregoing.

(3) We have absolutely no control over the valuation at which companies in general carry their assets. Balance sheets of corporations belong to the corporations and the Board of Directors must accept responsibility for the valuations. Our province is to express our opinions upon the valuations shown by the corporation's balance sheet in the light of good accounting practice after completing our examinations.

(4) Although you state "you are also aware that the conditions on which I am bound to offer my stock to the corporation are based on the book value of the corporation" we understand that according to the by-laws governing the conditions of sale of stock by any stockholder that you would be entitled to receive your proportionate part (25%) of the total book value of the corporation as shown by the latest audited balance of the corporation and its subsidiary companies plus an additional 25% thereof. While we do not know the reason for this increment, is it not possible that it is an overall allowance mutually agreed to by all stockholders of United Artists Corporation as a condition precedent to becoming a stockholder and to be binding on all stockholders in disposing of their stock.

Inasmuch as Mr. Arthur W. Kelly, Vice President of United Artists Corporation (Del.) telephoned us and advised us that he had received a copy of your letter, we are sending a copy of this letter to United Artists Corporation (Del.) marked to the attention of Mr. Arthur W. Kelly, Vice President.

Yours very truly,

Price, Waterhouse & Co. (Signed.)

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ALEXANDER KORDA
St. Regis Hotel
New York City.

April 22, 1943.

Price, Waterhouse & Co.,
56 Pine Street,
New York City.

Gentlemen:-

Many thanks for your courteous and lucid explanation of your point of view regarding my letter, dated the 13th of April, 1943.

I am really not equipped to argue with you the theories of good accounting, and I am quite sure that in these matters you are an absolute authority, but, as in everything, theories are not always determining factors, and matters of proportion and other qualifications may enter where a decision is to be reached.

You state that the market value of the Odeon shares at present is very near £100,000 and you carry these at about £53,000 on the United Artists books. I have no quarrel with this. The shares in question represent about 10% of the other holdings of United Artists in the same company, and my quarrel is that all these other investments, which is about ten times as large in the same kind of shares in the identical company, is carried only a few thousand dollars higher. The part of Odeon Holding Company represents over 1,100,000 ordinary shares. It also represents several hundred thousands of preferred shares, but I do not take that into account at all. You carry the 1,100,000 shares at $300,000.00, that is £75,000, and the 80,000 ordinary shares which are, with 24,000 preferred shares, apart and separate from the Holding Company, at £53,000. Obviously this is an illogical disparity in valuation. Nor can I agree with you in your interpretation that the shares were acquired at a certain price and carried at that price minus reserves. If you are properly informed about the history of this investment, you will find that United Artists, throughout a number of years, has helped the building up of Odeon Theatre Circuit in England. It extended credits, it sold pictures where the same pictures could be sold on more advantageous terms to others to the Odeon Company. Its officers in London spent a great deal of their time in the organization and several subsequent reorganizations of the Odeon Company. All this is not reflected in the $300,000.00 at which you propose to value the shares. Nor can I agree with your interpretation where you say that "the real value of the investments lies more in the long term advantages of continuing business relationships rather than in temporary valuations". If anything, for a distributing organization like United Artists, this very relationship which, if I understand you well, tends in your opinion to diminish the value of this investment, is rather, in my opinion, an additional asset over and above whatever the market value of these shares is.

I am unable to accept the explanation that a 50% holding in a company which was acquired throughout years of collaboration and expenses not shown on the books of the Company, and which sells today at a price of almost £1,000,000, is properly valued if it is valued at £75,000.

Very truly yours,

Alexander Korda (Signed.)

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The chairman announced that the answer that Price, Waterhouse & Co. had given to Mr. Korda's last letter was one of acknowledgment only.

Under the heading of unfinished business, reference was made to the proposal that the corporation purchase Mr. Korda's stock. The chairman announced in response to an inquiry that Mr. Korda had not offered the stock to the corporation, and a general discussion was had relative to the Korda stock, but no action was taken.

The chairman read to the meeting a letter from Slaughter, May, solicitors for the company in London, advising the company that Price, Waterhouse & Co. and Slaughter, May, and the officers of the subsidiary companies in England had all been advised that no assets of the English company could be disposed of without the necessary authority and consent of this corporation.

Upon motion made, seconded and unanimously carried, the meeting was adjourned until Friday, May 7th, 1943, at the hour of 11:00 o'clock A. M., at the same place.

The adjourned meeting of the annual meeting of stockholders of United Artists Corporation was called to order by chairman Edward C. Raftery, on Friday, May 7th, 1943, at the hour of 11:00 o'clock A. M., at Pickfair in Beverly Hills, California.

There were present upon the calling to order, the following:

Miss Mary Pickford, Gradwell Sears,
Mendel Silberberg, George L. Bagnall,
Edward C. Raftery, Arthur W. Kelly, and,
Loyd Wright, Secretary.

The chairman announced that it was imperative to await the arrival of Mr. Charles Schwartz and Mr. David O. Selznick and Mr. Daniel T. O'Shea before discussing business.

Whereupon, no business was transacted until 12:30 o'clock P. M., at which time Mr. Schwartz and Mr. O'Shea joined the meeting. The chairman announced that upon their joining the meeting, the meeting was competent to proceed since all stockholders were present either in person or by proxy.

There was then presented to the meeting a summarization of discussions had between Mr. Selznick and Mr. Schwartz, whereupon, it was agreed that the meeting would adjourn until 3:00 o'clock p. m. so that Mr. Schwartz, accompanied by Mr. Kelly, could confer with Mr. Chaplin in the interim.

At 3:00 o'clock P. M. the meeting reconvened. All stockholders were present in person or by proxy, and the chairman announced that the meeting should proceed with the business before it.

It was moved, seconded and unanimously carried as follows:

> RESOLVED, that the voting by ballot be waived and by viva voce vote the same directors be elected to serve the corporation for the ensuing year, or until their successors are elected.

All of the directors being present accepted the office to which they were elected, as follows:

| | |
|---|---|
| Edward C. Raftery, | Gradwell Sears, |
| Arthur W. Kelly, and | George L. Bagnall. |

It was noted that while the Articles of Incorporation and the By-laws provided for five directors, nevertheless it was the desire and action of the meeting that only four directors be elected.

It was moved, seconded and unanimously carried as follows, to-wit:

> RESOLVED, that the present officers of the corporation be and they are hereby re-elected to serve the corporation for the ensuing year, the officers so re-elected being as follows:

| | | |
|---|---|---|
| President and Chairman of the Board, | - | Edward C. Raftery. |
| Vice-Presidents, | - | Gradwell W. Sears, Arthur W. Kelly, George L. Bagnall, |
| Treasurer, | - | Harry J. Muller, |
| Secretary, | - | Loyd Wright, |
| Assistant Secretaries, | - | Paul D. O'Brien, Charles E. Millikan, |
| Assistant Treasurer, | - | N. A. Thompson. |

It was thereupon moved, seconded and unanimously carried as follows:

RESOLVED, that the By-Laws should be amended by adding thereto a new Article entitled ARTICLE XIII, reading as follows:

"ARTICLE XIII.

The corporation indemnifies any and all of its directors or officers or former directors or officers, or any person who may have served at its request as a director or officer of another corporation in which it owns shares of capital stock or of which it is a creditor against expenses actually and necessarily incurred by them in connection with defense of any action, suit or proceeding in which they or any of them are made parties or a party by reason of being or having been directors or officers or a director or officer of such other corporation, except in relation to matters as to which any such director or officer or former director or officer or person shall be adjudged in such action, suit or proceeding to be liable for negligence or misconduct in the performance of duty."

Mr. Schwartz then addressed the meeting and speaking on behalf of Mr. Chaplin, he stated that he was willing to

approve any product recommended by the management whether or not such product necessitated financing. No action, however, was taken upon the suggestion.

After general discussion the meeting adjourned to meet at Pickfair on Saturday, May 8th, 1943, at the hour of 2:00 o'clock P. M.

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The adjourned meeting convened at Pickfair agreeable to adjournment, on Saturday, May 8th, 1943, at the hour of 3:20 o'clock p. m.

There were present the following:

Miss Mary Pickford, David O. Selznick, Mendel Silberberg, Charles Schwartz, Edward C. Raftery, Gradwell W. Sears, Arthur W. Kelly, George L. Bagnall, and the secretary, Loyd Wright.

The written report of the management was the subject of discussion at the meeting. The report was discussed in detail and notwithstanding the discussion was interrupted by a conference in an adjoining room between Mr. Schwartz and Mr. O'Shea, which at various times Mr. Silberberg and Miss Pickford joined, nevertheless the report was analyzed, particularly that part of the report that contained a forecast of future product. During the discussion the chairman called attention to the fact that at the first meeting of the stockholders each member present had been furnished a copy of the

report, and that each member present had received from the secretary, agreeable to the resolution passed providing therefor, a photostatic copy of the minutes of the last annual meeting of the stockholders, and a photostatic copy of the minutes of the last meeting of stockholders, to-wit, March 29, 1943, as well as photostatic copy of the agreement dated November 21, 1942, between the corporation and Alexander Korda Films, Inc., as well as annual reports for the year 1941 of Price, Waterhouse & Co.

The chairman then presented to the board the Andrew Stone proposal of extending the present contract to cover additional photoplays, and after explaining the proposal it was moved, seconded and unanimously carried as follows:

> RESOLVED, that the officers of the corporation enter into an agreement with Andrew Stone Productions, Inc., extending the distribution agreement to cover two additional photoplays and giving the corporation five successive options for two additional pictures a year, and further providing that the terms of distribution should be amended so that domestic distribution should be charged at the rate of 27-1/2% and English distribution at the rate of 30% and foreign distribution on standard terms.

It was further moved, seconded and unanimously carried as follows:

> RESOLVED, that the officers of the corporation enter into a distribution contract with two corporations to be organized by Mr. Leo Spitz and Mr. Jack Skirball on standard terms, said contract to be approved by the President in all

particulars, and to be limited to two photoplays, one on DUFFY'S TAVERN, and the other a picture starring FRED ALLEN.

It was moved, seconded and unanimously carried as follows:

RESOLVED, that the President continue his negotiations relative to releasing a photoplay to be made upon the play entitled KNICKERBOCKER HOLIDAY, and that the same should be produced by Harry Joe Brown as producer, and that the terms of distribution should be domestic 30%, England 30%, and the remainder of the world at standard terms.

Be it further,

RESOLVED, that the officers be and they are hereby authorized and instructed to enter into a releasing agreement upon the terms above provided, and other terms and approvals which may be satisfactory to the management.

The next proposed release discussed was that of a picture contemplated to be made upon the life of the Sullivan brothers. It was moved, seconded and unanimously carried as follows:

RESOLVED, that subject to approval of the board of directors and provided the contract should grant the corporation approval of cast, story and director, the officers be instructed to execute such a contract on terms no better than those granted Andrew Stone Productions, Inc.

It was moved, seconded and unanimously carried as follows:

RESOLVED, that for a period of one year the provisions of the By-Laws requiring unanimous approval of the stockholders to take on new product for distribution be suspended in the following particular only:

"That the board of directors be vested by majority vote to make product deals involving no production financing.

Secondly: That the board of directors be authorized by majority vote to make financing commitments as a condition of getting product not to exceed $25,000.00 per picture.

Both of the above provisions to be for a period of one year."

The secretary was instructed to note the suspension on the By-laws.

There being no further business, the meeting adjourned.

_____
Chairman

_____
Secretary

THIS AGREEMENT, made and entered into as of November 21, 1942, by and between ALEXANDER KORDA FILMS, INC. (hereinafter sometimes referred to as "Korda, Inc."); ALEXANDER KORDA FILM PRODUCTIONS, LTD. (hereinafter sometimes referred to as "Korda, Ltd."); SIR ALEXANDER KORDA (hereinafter sometimes referred to as "Mr. Korda"); and UNITED ARTISTS CORPORATION (hereinafter sometimes referred to as "United");

W I T N E S S E T H:

The circumstances out of which this agreement grows are as follows:

(A) Korda, Inc. heretofore acquired from Korda, Ltd. certain rights in and in connection with the motion picture production "Thief of Bagdad", and is now the owner of said picture, subject to certain interests of Korda, Ltd. as to certain of the proceeds and profits thereof.

(B) Korda, Inc. heretofore made and produced the motion picture production "That Hamilton Woman", "Lydia", and "Jungle Book", and is now the owner thereof.

(C) Korda, Inc. heretofore acquired from Korda, Ltd. certain rights in and to the motion picture production "Lion Has Wings", but Korda, Ltd. is now the owner of the receipts and profits of said picture.

(D) All of said pictures are now being distributed by United under and pursuant to a certain contract between United, Mr. Korda and London Film Productions, Ltd., dated September 5, 1935 (as the same has been modified from time to time), Korda, Inc. and Korda, Ltd. having

succeeded to the rights of London Film Productions, Ltd. thereunder.

(E) Korda, Ltd. has acquired from Korda, Inc. and now owns an interest in the profits of all of said pictures.

(F) In the course of the production of the pictures referred to in paragraph (B) of this preamble, Korda, Inc. became indebted to United (i) in the sum of Two Hundred Thousand Dollars ($200,000) with interest, represented by its promissory note; and (ii) in the sum of Three Hundred Thousand Dollars ($300,000) with interest, represented by a book account. United also acquired other interests in the profits of "Lydia" and "Jungle Book".

(G) In the course of the distribution of the pictures referred to in paragraphs (A) and (B) of this preamble, Korda, Inc. or United became obligated to make certain adjustments of film rentals with Loew's, Incorporated and Warnter Bros., and may be required to make other future rental adjustments; all of which would be chargeable to Korda, Inc. if made by United. Various substantial claims have already been made on account of such claims for adjustment.

(H) Korda, Ltd. has acquired certain interests in and to two pictures entitled "One of Our Aircraft is Missing" and "In Which We Serve" (or in and to the receipts or profits thereof), either directly or through an interest in Manhattan Films, Inc. or its stock.

(I) United heretofore adopted a certain plan, commonly referred to as the "Silverstone Rebate Plan" and thereafter ~~[illegible]~~ a certain plan common-

ly referred to as the "Sliding Scale Distribution Terms", and Korda, Inc. would, under the terms of the resolution of United adopted on October 5, 1941, be entitled to the benefits of said Sliding Scale Distribution Terms with respect to the four pictures referred to in sub-paragraphs (A) and (B) of these recitals, commencing with January 1, 1941 and continuing during the distribution of said pictures. However, United placed certain limitations upon the payment of rebates under said plan for the year 1941, which make it uncertain when (and whether) such payments will be made; and in addition certain questions have been raised as to the validity of said plan.

(J) By the terms of the agreement between United, Mr. Korda and London Film Productions, Ltd. (referred to in paragraph (D) of this preamble), the activities of Mr. Korda with respect to the motion picture industry have been limited; and Korda, Ltd. and Korda, Inc. are likewise thereby restricted in their motion picture activities.

(K) The parties hereto orally agreed, on or about November 19, 1942, to certain settlements and adjustments of their relationships herein referred to; and thereafter made a general memorandum of such agreement, dated on said day, but executed by them on or about December 15, 1942. This agreement is intended as a written and final formal memorial of their said oral agreement and of the details thereof; and supersedes the general memorandum herein referred to.

In consideration of the premises, and of the covenants and agreements herein contained, the parties hereto agree as follows:

1. (A) KORDA, INC. hereby agrees that neither the so-called "Silverstone Rebate Plan" nor the new so-called "Sliding Scale Distribution Terms" shall apply in any respect to the picture "Thief of Bagdad", "That Hamilton Woman", "Lydia", or "Jungle Book", but that said pictures shall be distributed in accordance with the terms of the basic agreement of September 5, 1935, as heretofore amended. Korda, Inc. hereby releases to United the benefit of said Silverstone Plan and Sliding Scale insofar as they or either of them concern the said four pictures.

Korda, Ltd. and Mr. Korda hereby consent to the said agreement of Korda, Inc. and they hereby transfer, assign and quitclaim to Korda, Inc. any interest they may have in any of said four pictures to the extent, if any, required in order to make said agreement and release of Korda, Inc. fully effective.

(B) KORDA, INC. hereby transfers and assigns to United, as of November 21, 1942, all of its right, title and interest in and to the receipts, revenues and profits derived or to be derived from the distribution in the United States and Canada of the pictures "Thief of Bagdad", "That Hamilton Woman", "Lydia", Jungle Book" and "Lion Has Wings" during the period commencing on said November 21, 1942 and ending, with respect to each of said pictures, thirty (30) months after the release date thereof. In this connection, United agrees that it shall not have the right to, and will not make any further or new contracts for the distribution or exhibition of "Thief of Bagdad" in the United States or Canada, its interest in the revenues thereof being limited to unplayed contracts on its books, November 21,

1942. As to the remaining four pictures, it may solicit and enter into new contracts in the normal, ordinary and usual method of first general release, to be dated and played within thirty (30) months of the release date of each picture; but it shall not in effect reissue any of said pictures or so distribute the same as to destroy or seriously impair the reissue rights thereto.

Korda, Ltd. and Mr. Korda hereby agree and consent to the foregoing transfer and assignment by Korda, Inc., and hereby assign, transfer and quitclaim to Korda, Inc. any interest they may have in any of said five pictures to the extent, if any, required in order to make said transfer and assignment by Korda, Inc. fully effective.

2.(A) KORDA, LTD. hereby sells, assigns, transfers and sets over to United all of its right, title and interest in and to the pictures "One of Our Aircraft is Missing" and "In Which We Serve", and in and to the receipts, revenues, proceeds and profits thereof, and in or to the New York corporation "Manhattan Films, Inc." or its stock.

Korda, Inc. and Mr. Korda hereby consent to the foregoing transfer and assignment by Korda, Ltd., and they hereby assign, transfer and quitclaim to Korda, Ltd. any interest they may have in or to either of said two (2) pictures or their proceeds or said corporation or its stock to the extent, if any, required in order to make said transfer and assignment by Korda, Ltd. fully effective.

(B) KORDA, LTD. hereby expressly transfers and assigns to United its right, title and interest in and to the receipts, revenues and profits derived or to be derived from the districution in the United States and Canada of the

picture "Lion Has Wings" during this period, and upon the terms and conditions described in paragraph 1 (B) hereof.

3. (A) UNITED hereby releases and discharges Korda, Inc. of and from all of its obligations and liability to United in connection with the aforesaid book account of Three Hundred Thousand Dollars ($300,000) and interest accrued thereon. UNITED further agrees to waive its interest in the profits of "Lydia" and "Jungle Book".

(B) UNITED hereby assumes and agrees to discharge all of the aforesaid obligations of Korda, Inc. to Loew's, Incorporated and Warner Bros and others in connection with adjustments of future rentals of any of the aforesaid pictures; agrees to hold Korda, Inc. harmless on account thereof; and agrees that all of such settlements and adjustments made on or after November 21, 1942 shall be made at its cost and expense and shall not be charged against Korda, Inc.

(C) UNITED agrees that on the expiration of thirty (30) months from the general release of each of the said pictures "Thief of Bagdad", "That Hamilton Woman," "Lydia", "Jungle Book" and "Lion Has Wings" in each individual country in which the same is being or has been distributed, it will reassign and retransfer to Korda, Ltd. all of the reissue rights of each picture in such country or territory, and thereafter Korda, Ltd. shall be free to distribute or exhibit the same in such territory, in such manner and through such persons as it shall desire, unrestricted by the basic distribution agreement.

UNITED further agrees to transfer, and does hereby transfer, to Korda, Ltd. all right to distribute

or exhibit each of said pictures in each and every country in which the same has not been distributed, and Korda, Ltd. shall be and is free to make any arrangements it desires for the distribution or exhibition thereof in such countries; but Korda, Ltd. agrees to pay to United a sum equal to five per cent (5%) of all proceeds received by it from such distribution in each such country during the thirty (30) months commencing with the first release therein.

Mr. Korda and Korda, Inc. hereby consent to the aforesaid transfers to Korda, Ltd.; Korda, Inc. representing that it has made or is about to make separate arrangements with Korda, Ltd. with respect to the rights therein involved.

(D) UNITED hereby sells, assigns and transfers to Korda, Ltd. (but without recourse on it) (i) the indebtedness of Korda, Inc. to United, including interest thereon, evidenced by the promissory note of Korda, Inc. in the principal sum of Two Hundred Thousand Dollars ($200,000); and (ii) the indebtedness of Mr. Korda to United, including interest thereon, evidenced by his promissory note in the principal amount of Seventy-five Thousand Dollars ($75,000). Korda, Ltd. agrees that it will in no way look to United for the payment of said indebtedness or any of them. United also assigns to Korda, Ltd. any lien or other security it may have for the payment of said indebtednesses or any of them.

(E) UNITED hereby assumes and agrees to discharge the obligations of Manhattan Films, Inc. to Bankers Trust Company of New York (in the sum of Two Hundred Fifty Two Thousand ($252,000) and interest) and to Consolidated

Film Industries, Inc. (in the sum of Thirty Thousand Dollars ($30,000) and interest) incurred in connection with "One of Our Aircraft is Missing" and "In Which We Serve"; and agrees to hold Mr. Korda and Korda, Ltd. harmless from any and all obligation or liability in connection therewith, whether growing out of Mr. Korda's endorsements of notes evidencing said obligations, guaranties thereof or otherwise.

(F) UNITED agrees to release, and does hereby release, Mr. Korda, Korda, Inc., and Korda, Ltd., of and from any restrictions upon their activities in connection with the motion picture industry imposed by the basic agreement of September 5, 1935, as heretofore amended, or by their or any of their assumption of the obligations thereof; and agrees that they and each of them shall be free to produce pictures and make arrangements for the distribution thereof by United or others free from the restrictions of said agreement; provided, however, that if Mr. Korda shall, prior to September 5, 1945, complete the production of more than two pictures produced substantially in their entirety in the United States (but not including pictures produced by others, but in connection with which he may render to an established producer executive, administrative, or supervisorial services), such excess pictures as finished shall be delivered to United for distribution under the basic agreement.

This agreement shall supersede that certain letter agreement between the parties hereto dated July 24, 1942, relative to the production activities of Korda, Inc., Korda, Ltd., and Mr. Korda.

4. (A) MR. KORDA agrees to pay to United upon the completion of any picture produced and directed by him prior to September 5, 1945, (i) if said picture was produced substantially in its entirety in the United States, the sum of Seven Thousand Five Hundred Dollars ($7,500); and (ii) if said picture was produced substantially in its entirety in England, £1000.

(B) MR. KORDA agrees to execute and deliver to Arthur W. Kelly and Edward C. Raftery his proxy authorizing them to vote on his behalf any stock of United standing in his name or in the name of Korda, Inc., or Korda, Ltd. at all times prior to September 5, 1945, (or their prior termination of their present relationship with United) except such times as Mr. Korda may be engaged in the production of a picture or pictures for distribution by United; such proxy, however, being so limited that it shall authorize them only, on behalf of such stock, to vote for or against, or consent to, any propositions to authorize the execution of producers' contracts made in the ordinary course of business whereby United shall acquire rights and ownership and/or distribution of pictures (not providing for the furnishing by United of financing in connection with the production of such pictures); or the execution, amendment, cancellation, or termination of such contracts; or to act in connection with other matters in connection with the management of said corporation in the ordinary course of its business; but said proxy shall not authorize any vote or consent in connection with any propositions involving the sale of United, or of any of its assets or shares, or for any amendment of its by-laws or certificate or articles of incorporation, or (except as herein specifically provided) to any matters now described in Article XII of its by-laws.

Korda, Inc. and Korda, Ltd. agree to join in the execution of such proxy.

This agreement shall be considered such a proxy, and shall be accepted as such by United at any shareholders' meeting.

5. Mr. Korda, Korda, Inc. and Korda, Ltd. hereby ratify and approve the acts of the management of United for the period commencing December 15, 1942 and ending December 15, 1945.

6. Mr. Korda, Korda, Inc., and Korda, Ltd. hereby represent and warrant that they have full power to make this agreement and to transfer to United the interests hereby transferred; and further that they have not transferred or hypothecated any of the rights in "One of Our Aircraft is Missing" or "In Which We Serve", except the pledges and hypothecation made to Bankers Trust Company of New York (for a loan of $252,000) and to Consolidated Film Industries (for a loan of $30,000); and that there are not, as of the date hereof, any liens against any of the other pictures referred to herein ahead of those of United, except the unpaid portion of the so-called "Studio Lien" now existing in favor of WECO, Co., Inc.

7. United hereby agrees that neither Mr. Korda, Korda, Inc., nor Korda, Ltd. is indebted to United in the United States or Canada as of the date hereof, except as herein recited, and except such indebtedness as may be due United under the distribution agreements between the parties, and agrees that it knows of no indebtedness of Mr. Korda, Korda, Inc. or Korda, Ltd. to United outside of the United States or Canada as of the date hereof, except such indebtedness as may be due United under such distribution agreements. United agrees to furnish Mr. Korda, on or before March 1, 1943, with a statement of any moneys

owed by any of said parties to United, outside of the United States and Canada; and hereby releases them, and each of them, of all indebtedness as of November 21, 1942 (except under the distribution agreement as aforesaid) not shown on such statement.

8. In the event Mr. Korda, Korda, Inc. or Korda, Ltd. wish to question the correctness of any of the settlement statements made by United, charged made by United, or payments made by United to Korda, or any of his companies, or any of the assignees, that said claim must be asserted by Mr. Korda, Korda, Inc. and Korda, Ltd. within one (1) year from the date of the execution of this agreement, and in the event Mr. Korda, Korda, Inc. and Korda, Ltd. wish to litigate any claim arising out of the foregoing, any suit or other court proceeding must be commenced within eighteen (18) months after the execution of this agreement.

9. Mr. Korda represents and covenants that he has authority to enter into this agreement on behalf of Korda, Inc. and Korda, Ltd.

10. Except as expressly provided by the terms of this agreement all of the terms, covenants and conditions of all agreements existing between the parties shall remain in full force and effect.

This agreement shall be binding on the parties and shall enure to the benefit of the heirs, executors, administrators, successors and assigns.

This agreement shall be construed in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, the parties have executed this

agreement as of November 21, 1942, but on the _____ day of February, 1943.

ALEXANDER KORDA FILMS, INC.

By _____

ALEXANDER KORDA FILM PRODUCTIONS, LTD.

By _____

SIR ALEXANDER KORDA

_____

UNITED ARTISTS CORPORATION

By _____

POWER OF ATTORNEY AND PROXY

KNOW ALL MEN BY THESE PRESENTS:

That I, ALEXANDER KORDA, do hereby make, constitute and appoint MENDEL B. SILBERBERG my true and lawful attorney and proxy, for me and in my name, place and stead (with full power of substitution) to vote all shares of United Artists Corporation standing in my name or belonging to me, at any and all meetings, regular, special, or adjourned, of the stockholders of said corporation; to consent to, or dissent from any corporate act or acts of said corporation to which a consent of stockholders is or shall be appropriate; to execute any such consent or consents, including consents to the holding of meetings of stockholders; to initiate, join in, or maintain, any steps, acts, or proceedings with reference to said corporation which I, as a stockholder thereof, could initiate, join in, or maintain; and generally to exercise any and all rights with respect to said corporation or my stock interest or ownership therein which I as a stockholder of said corporation could exercise if personally present.

GIVING AND GRANTING unto my said attorney full power and authority to do and perform all and every act and thing whatsoever requisite, necessary or appropriate to be done in and about the premises as fully to all intents and purposes as I might or could do if personally present, and hereby ratifying and confirming all that my said attorney shall lawfully do or cause to be done

by virtue of these presents.

PROVIDED however: that this proxy shall not be deemed to revoke the proxy and power of attorney in favor of Arthur W. Kelly and Edward C. Raftery in that certain agreement between the undersigned, United Artists Corporation and others, dated as of November 21, 1942, and executed under date of February 16, 1943. Any action taken by said Kelly and Raftery under their said proxy and within the scope thereof shall prevail over any contrary or inconsistent action taken hereunder; and this proxy is limited accordingly.

IN WITNESS WHEREOF, I have executed this instrument this _____ day of March, 1943.

Alexander Korda

Alexander Korda

STATE OF NEW YORK )
: ss
County of New York. )

On this _____ day of March, 1943, before me, _____, a Notary Public in and for said County and State, personally appeared ALEXANDER KORDA, known to me to be the person whose name is subscribed to the within Instrument, and acknowledged to me that he executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

_____
Notary Public in and for said County and State.
(Seal)

pp:vb
3/24/43

WAIVER OF NOTICE OF SPECIAL MEETING OF THE BOARD OF DIRECTORS OF UNITED ARTISTS CORPORATION

WE, the undersigned, being a quorum of the Directors of UNITED ARTISTS CORPORATION, do hereby waive notice of a meeting of the Board of Directors to be held on May 27, 1943, at 10:30 a.m. at the office of the corporation, 729 Seventh Avenue, New York, and do hereby consent to the holding of said meeting and the transaction of any and all business which may come before said meeting, and we do hereby approve and adopt the minutes of said meeting and all action taken thereat.

Dated May 27, 1943.

Edward C. Raftery

Arthur W. Kelly

Gradwell L. Sears

MINUTES OF A SPECIAL MEETING OF THE BOARD

OF DIRECTORS OF UNITED ARTISTS CORPORATION

May 27, 1943.

Special Meeting of the Board of Directors of United Artists Corporation was held in the Home Office of the Corporation, 729 Seventh Avenue, Borough of Manhattan, New York City, New York, on the 27th day of May, 1943, at 10:30 a.m. pursuant to call as provided by the By-Laws and pursuant to the foregoing waiver and consent.

There were present:

Mr. Edward C. Raftery
" Gradwell L. Sears
" Arthur W. Kelly

constituting all of the Directors.

Mr. Raftery acted as Chairman and Mr. Kelly acted as Secretary.

The following matters were considered:

(1) A request from Mr. Murray Silverstone, Vice-Pres., of Twentieth Century-Fox Film Corporation, for the privilege of copying our Foreign Sales Control, including a list of theatres throughout the world, was refused.

(2) The action of the officers of the Corporation in paying over to Mr. Hunt Stromberg $25,000 on account of the $100,000 which United Artists was committed to advance in addition to the $150,000 already advanced by United Artists Production, Inc. was unanimously approved.

(3) The officers of this Corporation were authorized to advance an additional $13,000 to United Artists Productions, Inc., with instructions to Mr. Bagnall, its vice-president and general manager, to advance to Hunt Stromberg's company sufficient moneys to pay its Victory tax, but with instructions that Mr. Bagnall pay the money directly to the United States Government for this purpose. Mr. Bagnall was authorized to apply all moneys not necessary to the payment of the Victory tax to the payment of any unpaid incidental expenses of Hunt Stromberg's company.

(4) A full discussion of Mr. Stromberg's affairs and their connection with the corporation was then had.

(5) Mr. Kelly reported that he had received a cable from Mr. E.T. Carr, Managing Director of our English organization, stating that the Ealing Studio's final settlement agreement had been approved by the Company's counsel, Mr. Welsford, and that the agreement was in accordance with the various cables exchanged between United Artists in New York and the English Company in London, and that he desired permission to have the agreement executed. It was thereupon unanimously

RESOLVED, that Mr. Kelly be authorized to advise Mr. Carr by cable to execute the settlement agreement on behalf of United Artists Corporation of Delaware.

(6) Mr. Kelly reported that Mr. Bronston was unable to secure either Pat O'Brien or George Raft for the part of Jack London, and asked whether United Artists would approve Michael O'Shea. Mr. Sears advised that since the stockholders had only approved the deal upon the condition that either Pat O'Brien or George Raft was able to play the lead, the matter was out of the Jurisdiction of the Board and must be submitted to the stockholders.

(7) Mr. Raftery was instructed to advise Paramount that Harry Sherman Productions, through its advertising manager, had asked for approval of payment of certain advertising and exploitation stunts in connection with the Sherman Production activities, more particularly the trade paper advertising released bySherman at the Coast and the so-called Golden Anniversary party. Mr.Raftery was requested to notify Paramount of these requests and to inform it that United Artists has no interest in the proposed charges.

(8) Payment of the special appropriation of $69,865 to the Copyright Protection Bureau was approved and the proper officers were authorized to pay the share of United Artists Corporation of $3,354, in three installments of $1,118 each payable respectively on June 1st, August 1st and October-- 1st, and were to be made payable to Edward E.Sargoy Special Account.

(9) Mr. Kelly reported that it was necessary to file the Price,Waterhouse report for 1941 in the State of Massachusetts, and the following resolution was adopted:

RESOLVED, that the corporation employ Price,Waterhouse & Co. of New York, as auditor, pursuant to the provisions of Section 13, Chapter 181 of General Laws, Ter. Ed., of the Commonwealth of Massachusetts.

(10) The following resolution was unanimously adopted:

WHEREAS, this Corporation has by agreement dated September 24, 1942, between it and Guaranty Trust Company of New York unconditionally guaranteed the due and prompt payment of the loan made by Guaranty Trust Company of New York to United Artists Productions, Inc. in accordance with the terms of the Loan Agreement between United Artists Productions, Inc. and Guaranty Trust Company of New York, dated September 24, 1942, and the due and prompt performance by United Artists Productions, Inc., of all the covenants and agreements contained in said Loan Agreement on its part to be performed; and

WHEREAS, United Artists Productions,Inc., proposes to enter into an agreement with Guaranty Trust Company of New York amending said Loan Agreement whereby Guaranty Trust Company of New York will make available to it additional credit of $1,508,000 upon the terms and conditions to be set forth in said Agreement amending the Loan Agreement:

NOW, THEREFORE, it is hereby

RESOLVED, that Arthur W.Kelly, Vice-President of this Corporation, be and he hereby is authorized to approve the form of and execute on behalf of this Corporation an agreement extending the guarantee heretofore given by this Corporation to Guaranty Trust Company of New York so as to unconditionally guarantee the repayment by United Artists Productions, Inc., of all loans heretofore or hereafter made to it by Guaranty Trust Company of New York and of the Notes made or to be made in evidence thereof pursuant to the said Loan Agreement as so amended and the due and prompt performance by United Artists Productions, Inc., of all the covenants and agreements on its part to be performed, contained in said Loan Agreement as so amended and that the signature of Arthur W. Kelly to such agreement extending the guarantee shall be conclusive evidence of his approval of the form and contents thereof; and

FURTHER RESOLVED, that Arthur W.Kelly,Vice-President of this Corporation, be and he hereby is authorized to execute and deliver such other documents or agreements as are provided for in the said Guarantee Agreement as so extended, and to execute such further documents and agreements and to take any and all other action which he may deem necessary or appropriate to carry out the intent of this and the foregoing resolution.

(11) The following resolution was unanimously adopted:

RESOLVED, that Arthur W.Kelly be authorized to execute a letter extention agreement of the distribution contract between United Artists Corporations and United Artists Productions, Inc., copy of which is attached hereto and marked Exhibit "A".

(12) Mr. Kelly was authorized to make whatever arrangement he thought proper with Mr. Walter Gould re. charge of $25 a day during his absence on his last trip to South America for extra expenses, entertainment and automobile charges.

(13) Mr. Raftery was unanimously authorized to advise Sir Alexander Korda by cable that the Board was not empowered to comply with his request for the return of the reissue rights of "THIEF OF BAGDAD" and "HAMILTON WOMAN."

Mr. Sears reported that the following men were being promoted to new positions, and asked that their salaries be increased to the following amounts set opposite their respective names:

Samuel Lefkowitz, to District Manager of the New York Exchange to $350. per week and expenses.

Edward Schnitzer, Western Division Manager, ro $500 per week and expenses.

The Board unanimously approved the foregoing promotions and salaries.

There being no further business to come before the meeting, it was unanimously voted that the meeting be adjourned.

Arthur W. Kelly, Secretary of the Meeting.

MINUTES APPROVED:

Edward C. Hartery

Arthur W. Kelly

Gradwell L. Sears

EXHIBIT A

May 28, 1943.

UNITED ARTISTS PRODUCTIONS, INC.
1040 No. Las Palmas Avenue
Hollywood, California.

Dear Sirs:

Please refer to the Distribution Agreement between us dated September 24, 1942 under which we agree to distribute certain motion pictures under the terms, covenants and conditions in that agreement particularly set forth. In addition to those motion pictures therein specified we agree to distribute any other motion pictures which you may deliver to us within three (3) years from the date hereof under the terms, covenants and conditions of that agreement with the same effect as though those motion pictures had been particularly described and included in that agreement when originally executed.

We appreciate that you are incurring additional obligations and burdens relying upon this letter, and that this agreement, therefore, is supported by this consideration.

Please confirm to us this letter by affixing your signature hereto.

Very truly yours,

UNITED ARTISTS CORPORATION

BY Arthur W. Kelly
Vice-President

AGREED TO AND ACCEPTED:

UNITED ARTISTS PRODUCTIONS, INC.

BY ARTHUR W KELLY,
Arthur W. Kelly, President

MINUTES OF SPECIAL MEETING OF
STOCKHOLDERS OF
UNITED ARTISTS CORPORATION

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A special meeting of the stockholders of UNITED ARTISTS CORPORATION was held at the offices of said corporation, at No. 1048 North Las Palmas, Los Angeles, California, at eleven o'clock a. m. on July 21, 1943. Upon roll call, the stockholders present and represented by proxy were as follows:

VANGUARD FILMS, INC., by Daniel T. O'Shea, Proxy;

ALEXANDER KORDA and ALEXANDER KORDA FILMS, LTD., by M. B. Silberberg, Proxy;

THE PICKFORD CORPORATION, by Mary Pickford, Proxy.

Later in the meeting, CHARLES CHAPLIN was represented by Alfred Reeves. Charles E. Millikan, Assistant Secretary, and George Bagnall, Vice President of the corporation, were also present.

The meeting was called to order by Edward C. Raftery, President, and upon motion by Mr. Silberberg, seconded by Mr. O'Shea, and unanimously carried, Mr. Raftery was named Chairman of the meeting. The Chairman stated that a quorum was present and the meeting competent to proceed. Charles E. Millikan, Assistant Secretary, was appointed Secretary of the meeting. At this point, David O. Selznick, co-Proxy of Vanguard Films, Inc., entered the meeting room.

The Secretary of the meeting presented a carbon copy of the telegraphic notice of the meeting, and reported that said

notice had been sent by telegram to each of the stockholders, as shown by the copy, and he was directed to attach the said copy to these minutes. The Chairman also stated that on the previous evening, July 20, 1943, he had sent a letter by Mr. Tim Durant to Mr. Chaplin, advising him that the meeting would proceed at 11:00 o'clock a. m. on July 21, 1943, as scheduled, and that he should be personally present or represented by proxy at said meeting.

The Chairman explained that the business of the meeting would be limited to action upon the matters stated in the notice. He then stated that a demand had been received from Charles Schwartz of Schwartz & Frohlich, that the corporation commence a lawsuit against Mr. David O. Selznick and his companies and the Twentieth Century-Fox Film Corporation, and he asked that the original letter of July 12, 1943, and the demand, be attached to the minutes of the meeting. The Chairman further stated that, as President of United Artists Corporation, he had prepared and mailed to Mr. Schwartz a reply to said letter and demand, and requested that a copy of said reply be likewise attached to the minutes of this meeting. Mr. Raftery then reported that he had received information that a suit had been commenced in the Supreme Court in New York, on behalf of Mr. Chaplin on July 20, 1943, and that summons in said suit had been served on Paul O'Brien, Assistant Secretary of United Artists Corporation, and a copy of a printed complaint had been left with Mr. O'Brien; that purported service had been attempted upon Vanguard Films, Inc.; and that he had also been informed that a copy of the summons had been served upon Twentieth Century-Fox Film Corporation, at its New York office.

Mr. Raftery then outlined in detail negotiations which had taken place between officers of United Artists Corporation and Mr. Chaplin, Miss Pickford and Mr. Korda, as stockholders of the corporation, with David O. Selznick in the summer and fall of 1941, which resulted in the execution of contracts between United Artists Corporation and David O. Selznick and his corporation.

Mr. O'Shea, the President of Vanguard Films and co-Proxy with Mr. Selznick for said company at said meeting, asked three questions of the Chairman. First: What was the intent of all of the agreements following the negotiations, regarding the liability of David O. Selznick or his companies, in the event they failed to deliver photoplays? The Chair, in answering the first question, referred to the memorandum of September 3, 1941, and also to certain paragraphs of the agreements between the parties, and stated that it was the intent of the agreements that if Selznick failed to deliver photoplays, the only recourse the United Artists Corporation would have would be the right to cancel the agreements, get back the stock, as provided in the stock purchase agreement, and get back loans as provided in the loan agreement. That there was no other liability specified in or intended by any of the agreements.

The second question: Regarding the recoupment of loans, what was the intent of the agreements? The answer of the Chairman was that the agreement specified about the recoupment of loans; the agreement specifically provides that there was no personal

liability either on Selznick or his company for the repayment of these loans, but that United Artists must look solely to the proceeds of the pictures.

The third question: Mr. O'Shea asked the Chairman regarding Article 9 of Schedule B of the Distribution Agreement, as to the Chairman's interpretation of that agreement, or his understanding of that provision of the agreement. The Chairman replied that at all times it was the understanding of the parties that if Mr. Selznick failed to deliver a picture within the two year period, the corporation would have the right to terminate all agreements. That toward the end of the negotiations Mr. O'Shea requested a sixty days grace period at the end of the two year period so as to give Mr. Selznick the right to commence principal photography within two years and sixty days of either the last delivery, or no delivery, referring particularly to the first photoplay, and this point was agreed to by all of the parties, so irrespective of the exact language of Article 9 of Schedule B, it was the intent of the parties that Mr. Selznick must commence principal photography within two years and sixty days.

The Chairman further advised the meeting that the company's regular attorneys, O'Brien, Driscoll & Raftery, will appear for the corporation in the suit which Mr. Chaplin has filed in the Supreme Court in New York, and will take every step to protect the corporation.

Mr. O'Shea then stated that he wished to make a statement to the meeting with reference to the position of Vanguard Films, Inc. and stated in substance that it was Vanguard's position, and Mr.

Selznick's position that they have a binding contract with United Artists Corporation; that they are now engaged in the preparation of a picture, the principal photography of which will be commenced very soon, and at that time they will be demanding the advance of $125,000.00, pursuant to the loan agreement, and that he wished it to be understood that if the said sum is not forthcoming they will have to invoke certain sanctions which may result in United Artists Corporation being required to pay some $700,000.00 and suffer certain other penalties. Miss Mary Pickford thereupon expressed the opinion that United Artists Corporation has a good and binding contract with David O. Selznick and Vanguard Films, Inc. and that United Artists Corporation must protect its contract and that, in her opinion, United Artists must make the advance of the sum of $125,000.00 at the time the contract requires it. Mr. Silberberg was asked to state his position on the same point and thereupon he expressed accord with the opinion as stated by Miss Pickford with reference to making the advance.

Mr. O'Shea stated that he wished to remind Mr. Raftery and those present that some time in September of 1942, he went to see Mr. Raftery and at that time apprised him of the general nature of what Mr. Selznick proposed to do with reference to a disposal of literary properties; that KEYS OF THE KINGDOM was too big and expensive a story and would require too much time for preparation and production and also his fear of controversy with the Catholic Church which could not be resolved until after the picture was made and the money spent; that the story JANE EYRE was not satisfactory and Mr. Selznick had decided that it wasn't a proper vehicle and that Mr. O'Shea had advised Mr. Selznick to abandon

both of those properties and dispose of them and also CLAUDIA. Mr. Raftery stated to the meeting that the foregoing statement by Mr. O'Shea was a correct statement of what had occurred and that Mr. Raftery told Mr. O'Shea that the United Artists Corporation regretted exceedingly that Mr. Selznick was not producing pictures. That they were about to depart for their convention in Chicago and regretted United Artists could not make an announcement of Mr. Selznick's plans but that under his contract he had a right to abandon stories and sell them, if he so wished.

Mr. Raftery then brought to the attention of the meeting a copy of letter addressed to each of the four directors of the corporation by Vanguard Films, Inc., by Daniel T. O'Shea, President, and asked Mr. O'Shea to discuss the contents of this letter.

At this point of the meeting (12:40 p. m.) Mr. Alfred Reeves entered the room and stated that he was there at the request of Mr. Chaplin.

Mr. O'Shea thereupon discussed with those present the letter addressed to each of the directors, above referred to, dated July 9, 1943, and referred specifically to each of the ten points as set forth in the letter. The Chairman at this point directed the Secretary to attach the original letter received by him to the minutes of this meeting, and also to attach a carbon copy of the reply to said letter written by Mr. Raftery and dated July 14, 1943.

Thereupon, Mr. Selznick asked that he be permitted to state his position on these various matters, and he stated his position fully. Mr. Selznick then asked specifically about the following deals:

Jules Levy deal: The Chair advised Mr. Selznick that the Jules Levy deal had been negotiated by Mr. Sears; that each of the directors had approved the deal on the basis of not less than three, nor more than five pictures, all to be delivered over a period of three years, each picture to cost $600,000.00, standard terms. Mr. Selznick stated that at the annual meeting Mr. Sears had suggested Jules Levy, and upon Mr. Selznick's objection, Mr. Sears stated he would not urge a deal with Jules Levy. Since the annual meeting, Mr. Sears nevertheless, with the approval of the other directors, had made a deal with Jules Levy, and that this was the type of deal that he, Mr. Selznick, particularly objected to. Mr. Silberberg stated that he was presently representing Mr. Levy, and that Mr. Levy had made commitments on the strength of his deal. Mr. Raftery informed the meeting that as far as the corporation was concerned, a deal had been made, and it was the unanimous opinion of all present that in view of the commitments made, the deal should be consummated, but on the terms above outlined, and only on the terms above outlined. Mr. Selznick then asked about the

Loew-Lyons deal: Mr. Raftery informed the meeting that that deal contemplated no less than one, nor more than three pictures be produced within a year, minimum cost $600,000.00, standard terms, first picture to be a musical with score by Cole Porter and Jerome Kern. That this deal had already been approved by all of the directors. Mr. Selznick then asked about

Charles Morrison: Mr. Bagnall informed the meeting that there were no negotiations pending with Mr. Morrison. However, Mr.

Raftery stated he had received a letter from Mr. Morrison, a copy of which Mr. Morrison sent to Mr. O'Shea, stating he was anxious to make the lives of George White and Earl Carroll. Mr. Selznick then asked about the

Edward Small, William Bendix picture, entitled YANKS DOWN UNDER. Mr. Raftery stated that this originated with the Hal Roach Company in New York, a one picture deal starring William Bendix, distribution terms 30% U. S. and Canada, 35% England, standard terms the rest of the world; that the company felt it would be a good low bracket picture with general audience appeal. It was the unanimous consensus of the stockholders that Mr. Small's name should not appear on the picture, but that it should be presented by some corporation other than Mr. Small.

At this point Mr. Silberberg asked to be excused from further attendance at the meeting, stating he had a very important engagement which could not be postponed, and for which he was compelled to leave as he was already late. Each of the persons present expressed agreement with the proposal made by Mr. Selznick that a set of rules and regulations with reference to the powers and duties of the management in negotiating and consummating new contracts be formulated and sent to each of the stockholders for their express approval by signature, and there followed a discussion. Thereupon, Mr. Silberberg left the meeting.

There followed a general discussion with reference to the nature and extent of rules and regulations. During this discussion Miss Pickford left the meeting. Upon the conclusion of the discussion the Chairman and Secretary of the meeting were requested to prepare a draft of such proposed rules and regulations and submit

copies thereof to the stockholders.

Thereupon, on motion duly made, seconded and carried, the meeting adjourned.

_____

Assistant Secretary

_____

Chairman

Charge to the account of Loyd Wright, 1125 Board of Trade Bldg.

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# WESTERN UNION

1206-B

R. B. WHITE
PRESIDENT

NEWCOMB CARLTON
CHAIRMAN OF THE BOARD

J. C. WILLEVER
FIRST VICE-PRESIDENT

CHECK

ACCOUNTING INFORMATION

TIME FILED

Send the following telegram, subject to the terms on back hereof, which are hereby agreed to

Los Angeles, California, July 17, 1943

TO WESTERN UNION:

Please send the attached DAY LETTER to the following:

Miss Mary Pickford, Pickfair, Beverly Hills, California;
Mr. Charles Chaplin, 1085 Summit Drive, Beverly Hills, California;
Mr. Alexander Korda, c/o Mendel Silberberg, 603 Roosevelt Bldg.,
Los Angeles, California;
Vanguard Films, Inc., 9336 Washington Blvd., Culver City, California.

Loyd Wright

Charge to the account of Loyd Wright, 1125 Board of Trade Bldg. $

| CLASS OF SERVICE DESIRED | | | |
|---|---|---|---|
| DOMESTIC | | CABLE | |
| TELEGRAM | | ORDINARY | |
| DAY LETTER | X | URGENT RATE | |
| SERIAL | | DEFERRED | |
| OVERNIGHT TELEGRAM | | NIGHT LETTER | |
| SPECIAL SERVICE | | SHIP RADIOGRAM | |

Persons should check class of service desired; otherwise the message will be transmitted as a telegram or ordinary cablegram.

# WESTERN UNION

1206-B

| CHECK |
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| ACCOUNTING INFORMATION |
| TIME FILED |

R. B. WHITE, PRESIDENT — NEWCOMB CARLTON, CHAIRMAN OF THE BOARD — J. C. WILLEVER, FIRST VICE-PRESIDENT

*Send the following telegram, subject to the terms on back hereof, which are hereby agreed to*

Los Angeles, California, July 17, 1943

Please take notice that a special meeting of the shareholders of United Artists Corporation is hereby called to be held on Wednesday, July 21, 1943, at the hour of 11:00 O'clock A. M., at the office of United Artists Corporation, 1040 North Las Palmas, Los Angeles, to discuss the following: First--to consider a notice sent by Charles Schwartz on behalf of Mr. Charles Chaplin demanding that the corporation begin suit against certain parties. Second--to consider the reply of the President of the corporation to Mr. Schwartz. Third--to consider a letter sent by Vanguard Films, Inc. to the directors and the replies thereto. Please advise whether you can be present.

Loyd Wright,
Secretary of United Artists
Corporation

NATHAN BURKAN
1900-1936

CHARLES SCHWARTZ
LOUIS D. FROHLICH
ARTHUR H. SCHWARTZ
DAVID FOGELSON
IRVING MOROSS
HERBERT P. JACOBY

EVERETT A. FROHLICH
LEONARD KAUFMAN
JACK M. NITZBURG
ADELAIDE B. BODOW
MAX H. ROSE

SCHWARTZ & FROHLICH
1450 BROADWAY
NEW YORK

TELEPHONE LACKAWANNA 4-8490
CABLE ADDRESS "BURKLAW NEW YORK"

July 12, 1943

The Board of Directors of United
Artists Corporation
729 Seventh Avenue
New York City

Attention of Edward Raftery, Esq., President

Gentlemen:

At the annual meeting of the stockholders of your company, held on May 3, 1943, in Hollywood, California, at which each and all of you were personally present, as attorney in fact for and in behalf of Mr. Charles Chaplin, a stockholder of your company, I orally informed the stockholders that suit should be brought by this company with all diligence against Mr. David O. Selznick and his companies, to recover from Mr. Selznick and his companies the benefits derived by him and them from a certain transaction had between him and them and the Twentieth Century-Fox Film Corporation, all as more fully set forth in my oral statement.

I also submitted to the stockholders present, and for the record and for the minutes of the company, a written statement setting forth the details of the claim of United Artists Corporation against Mr. Selznick and his companies on account of the aforementioned transaction.

On behalf of Mr. Chaplin, I herewith deliver to you an excerpt from such written statement, setting forth the claim that this corporation has against Mr. Selznick and his companies, and also against the Twentieth Century-Fox Film Corporation and the grounds upon which such claim is based, and on behalf of Mr. Chaplin, I herewith demand that you, as the Board of Directors of United Artists Corporation, authorize the commencement of and institute promptly such an action against Mr. Selznick and his companies, and against the Twentieth Century-Fox Film Corporation.

Yours very truly,

Charles Schwartz
as attorney for Charles Chaplin

CS:ST
Deliver.

STATEMENT

On or about October 4, 1941, this company entered into a series of agreements with Selznick International Pictures, Inc., David O. Selznick Productions, Inc., and David O. Selznick, under which this company agreed among other things to the following:

(a) To cancel the agreement then existing providing for the production and delivery to this company of a balance of two pictures due under such agreement;

(b) To the release of David O. Selznick individually from the agreement then in effect that the next two pictures produced by Selznick at any time after the date of such agreement would be delivered to this company under the agreement above mentioned in Subdivision (a);

(c) To the deposit of a unit of stock of the capital stock of this company for the account of David O. Selznick Productions, Inc., with the immediate right of the power to vote such stock and the benefit of a credit of any dividends paid on such stock against the purchase price;

(d) To the payment of THREE HUNDRED THOUSAND DOLLARS (300,000) upon execution of such agreement.

At or about the time these agreements were entered into, our company was in immediate need of important pictures to maintain its reputation and prestige and also to secure the revenues to be derived from the distribution of important pictures in order to meet its current operating expenses.

Mr. Selznick and his companies had theretofore purchased and were then in the process of acquiring important literary properties which required and would require the work of writers and others to prepare and complete them for use in the making of pictures based upon such works. Mr. Selznick and his companies also had outstanding contracts with important personalities who were to be used in the picturization of the properties aforementioned and monies were required to pay the financial obligations of Mr. Selznick and his companies to these artists to the end that they would remain and continue in his employ and their employ to be available for use in the production of such pictures.

As a condition of the making of the series of agreements between this company and Mr. Selznick and his companies dated October 4, 1941, Mr. Selznick and his companies insisted on the payment of the above mentioned sum of Three Hundred Thousand Dollars, which he and they represented would be used for the development of the properties already purchased and for the purchase of additional properties and their development and in the continuance in his and their employ of the artists above mentioned and for the payment of other items of pre-negative cost, all such pictures to be made and delivered to United Artists for distribution. Accordingly such sum of Three Hundred Thousand Dollars was paid because of these representations by Mr. Selznick and his companies and in reliance thereon.

Mr. Selznick and his companies knew that this company was short of and that there was a dearth of important motion picture

product. Mr. Selznick and his companies knew that the prompt production and delivery by Mr. Selznick and his companies of pictures based upon the literary material above mentioned with the participation of the stars above mentioned, was of the essence to United Artists. Mr. Selznick and his companies knew that the moving consideration for the payment of said sum of Three Hundred Thousand Dollars, the deposit of an entire unit of the capital stock of this company for his benefit and that of his companies, including the rights of ownership, embracing the voting right and the right to receive dividends and, for the cancellation of the firm obligation of Mr. Selznick and his companies to deliver two pictures (being the balance due under the contract then in effect), and his personal guarantee thereof, was the prompt completion of the preparation of the literary material then acquired and to be acquired by him and his companies, and the picturization thereof with the participation therein of the personalities controlled by him and by them, and the delivery of one or more of such pictures at the earliest possible time to our company for distribution.

Mr. Selznick and his companies as a further condition to the making of the contracts of October 4, 1941, demanded material changes in the management and operation of the company, including the changing of important personnel and the addition of executives involving an additional expense to the company over and above its then operating expense of a sum in excess of Six Thousand Dollars a week.

Moreover, as a further condition of the execution and delivery of such contracts, Mr. Selznick and his companies insisted upon material changes in the by-laws of this company which he considered would be for his benefit and that of his companies.

And for the reasons above stated, this company consented to and submitted to the demands of Mr. Selznick and his companies and made the changes in its operating forces and hired the additional personnel and incurred the additional weekly expense of Six Thousand Dollars and made the material changes in its by-laws.

Notwithstanding the foregoing and in complete violation of the rights of this company and to its serious financial detriment, Mr. Selznick and his companies completed the material which he and they then possessed, acquired new material for use in the picturization of pictures and completed such material for picturization, and thereupon sold all such material and rented out the personalities which he and they then had under contract, to the 20th Century-Fox Film Corporation for a large sum of money which netted him a profit, the exact amount of which is unknown to us, but we believe exceeds One Million Dollars.

By this transaction Mr. Selznick and his companies divested themselves of the literary properties and personalities required to make the pictures they were obligated to produce and deliver to this company under their contracts and thereby disabled themselves from performing their obligations thereunder.

Mr. Selznick and his companies in committing the foregoing acts not only breached the spirit and the letter of the series of agreements dated October 4, 1941, but broke and violated the representations made in connection therewith which induced this company to enter into such series of agreements.

Moreover the relationship of the stockholders of this company to each other is of such a character that each owes to the other certain fiduciary obligations, which have been violated by Mr. Selznick.

In view of the foregoing it is my opinion that this company is entitled to all the benefits derived by Mr. Selznick and his companies from the sale of the material to 20th Century-Fox Film Corporation and the farming out of the personalities to them, and that this company is entitled to recover from Mr. Selznick and his companies all such benefits derived by him and them out of the foregoing transaction.

As a stockholder of this company, it is my opinion that suit should be brought by this company with all diligence against Mr. Selznick and his companies to recover from Mr. Selznick and his companies the benefits derived by them from the foregoing transaction.

July 17, 1943

Mr. Charles Schwartz
1450 Broadway
New York, New York

Dear Sir:

In answer to your demand on behalf of Mr. Charles Chaplin addressed to the United Artists Corporation, I wish to call your attention to the following facts:

On May 5, 1943, you presented to a meeting of the stockholders of the corporation a written demand, as well as an oral demand, the written demand taking the form of a motion that a suit be commenced by the corporation against David O. Selznick or his company, the alleged grounds being more particularly set forth in the written demand or written motion. The chair ruled at said meeting that the motion was lost because of failure of a second, the remaining stockholders refusing to act.

I personally take the position that this is a controversy between the stockholders, or some of them. I therefore will not take sides in this controversy either with Mr. Selznick or his company or with Mr. Chaplin but as a director and officer of the company, I do feel a distinct and direct obligation to do everything in my power to protect the company, all the shareholders, the employees, creditors, other producers--in fact any persons with contracts or commitments with the company--from any action which I believe will be detrimental to the best interests of the company or which will affect the rights of third parties or employees. It is my belief that any litigation between stockholders might destroy the company or at least seriously impair its future activities.

I came to Los Angeles about April 25, 1941. Shortly thereafter we commenced a series of negotiations with Mr. Selznick's company and with Mr. Frank Capra. These negotiations continued for a period of two months but were terminated when I left for Nashville about July 1, 1941. Mr. Capra withdrew from the negotiations during the summer. The Selznick company had many telephone conversations with me in Nashville and it was finally agreed that Mr. O'Shea would redraft and have ready for submission a series

of proposed agreements when I completed the trial of the Crescent case. I came directly here on August 30, 1941, and on September 2, 1941, Mr. Loyd Wright and I received from Mr. O'Shea drafts of the loan agreement, stock purchase agreement, agreement of deposit, form of note, and letter of consent by the stockholders. The only agreement not in draft form on that day was the distribution agreement, but a draft of this particular agreement was submitted a few days later.

On September 3, 1941, I prepared a memorandum setting forth my views on these agreements. This memorandum was delivered to Miss Pickford, and to Messrs. Korda and Chaplin. A copy of this memorandum is attached to this letter. Between the 3rd and 11th of September I had many conferences with Miss Pickford, Mr. Chaplin and particularly with Mr. Korda, who in turn conferred with Mr. Chaplin and Miss Pickford separate and apart from me. Mr. Loyd Wright participated in many of these conferences, as did George Bagnall who at that time was associated with Alexander Korda. Following these meetings I revised the loan agreement in accordance with the instructions received from Miss Pickford, Mr. Chaplin and Mr. Korda and my revision of the loan agreement has come to be known as the "11th draft" of this loan agreement. I am attaching hereto a copy of this 11th draft, as well as criticisms of the other agreements. This 11th draft and other criticisms were sent to Mr. O'Shea on the 11th day of September, 1941, by messenger. On the afternoon of that day I received a telephone call from Mr. O'Shea that all negotiations were terminated and were not to be reinstated. I advised him that I would leave by plane that night for New York. I notified Miss Pickford, Mr. Korda and Mr. Chaplin that there was to be no deal. Later that afternoon I received communications from both Miss Pickford and Mr. Korda that Mr. Korda had contacted Mr. Selznick and that negotiations were being reopened and that there would be a meeting at Mr. Korda's home the next morning at nine o'clock. This meeting was attended by Mr. O'Shea and Mr. Scanlon, representing Mr. Selznick, and Mr. Korda, Mr. Bagnall, and Mr. Raftery. Briefly, the following points were laid down as basic by Mr. O'Shea, otherwise there would be no deal:

1. United Artists must loan $1,000,000 for the first five units of photoplays and could look only to those photoplays for recoupment of the money. The money must be in last position and there would be no personal liability on either the Selznick company or Mr. Selznick personally to repay this money unless there was a termination of the agreement for any of the reasons provided in the distribution contract. (At this point we only had a first draft of Schedule B of the distribution agreement and the points of termination are now contained in 6, 7, 8 and 9 of schedule B except that the 60 days additional grace period found in 9 had not been arrived at and United Artists' right to terminate came into being at the end of two years rather than two years and 60 days.)

2. Selznick would not stipulate in the contract the appearance of any of his stars or directors in any of the pictures, whether they were Selznick or non-Selznick pictures, he reserving the right absolutely to select his own cast from any source. That under our original contract of 1935 Selznick made no such commitment and he was not extending it then. Hence, paragraph 15 of my draft of the loan agreement disappeared after that conference and I call your attention particularly to paragraph 15 of the attached proposed loan agreement.

3. That the only penalty of any kind that Selznick would accept for non-delivery of pictures was cancellation. That there would be no affirmative obligation to deliver a minimum and United Artists' only remedy in case of failure to deliver would be to terminate and get the stock back and get back advances theretofore made.

4. That Selznick must have the absolute right to loan his stars or directors in any manner he sees fit, hence the inclusion of the following language in paragraph 15 of Schedule B of the distribution agreement:

> "15. Notwithstanding anything elsewhere herein contained, the Producer or David O. Selznick personally shall have the right to acquire an interest, by way of an investment of so-called frozen or restricted moneys or by way of lending artists, writers or directors in motion pictures not supervised by it or by David O. Selznick personally, and which shall be distributed by a distributor or distributors other than United. United shall have no right, title or interest in or claim to any such motion picture on account of the acquisition of any such interest; it being understood, however, that nothing in this paragraph contained shall derogate from or limit the agreement of Producer herein elsewhere contained exclusively to produce and to have David O. Selznick exclusively supervise motion pictures hereunder for United."

5. That he would have the absolute right to sell so-called abandoned stories, hence the inclusion of paragraph 7B in the loan agreement:

> "B. An Indirect Charge, which shall consist of such portion of Producer's general overhead, at actual cost, as is properly allocable to such photoplays in accordance with recognized and approved practices of sound motion picture adcounting. A Classification of the items comprising Producer's overhead in general is attached hereto, marked 'Exhibit B,' and hereby made a part hereof, but such list shall not be deemed exhaustive.

It is understood and agreed that net profits realized by the Producer from or under contracts or arrangements for the sale, rental or lending of the services of its contract employees shall be excluded in the computation of Producer's general overhead.

The legal title to all abandoned stories or continuities, the accumulated cost and expense of which are included as Direct or Indirect Items or Charges of, or against, the Production or Negative Cost of Photoplays produced for delivery under the Distribution Agreement, shall be and remain in the Producer, but if any such abandoned story and/or continuity is sold, used or otherwise disposed of by the Producer after such abandonment and before all sums loaned hereunder by the Distributor shall have been fully recouped, then that proportion of the proceeds from any such sale, use or other disposition shall become a part of the Net Distribution Receipts of the first five (5) units produced and delivered under the Distribution Agreement as the total overhead charged by the Producer to photoplays in connection with which Distributor shall lend sums hereunder bears to the total overhead charged by Producer to such first five (5) units."

6. That he should have the absolute right to assign the agreements under the conditions which are now contained in the distribution agreement and the loan agreement.

Following the long conference at Mr. Korda's home, Miss Pickford and Mr. Chaplin were contacted by Mr. Korda and Mr. Raftery. After many discussions of the various demands I was instructed to proceed with negotiations and redrafting, and to accede to the various demands, as all parties believed this was the best deal that could be made. Negotiations and redrafting continued to the 4th of October, 1941. From time to time various provisions of the redrafts were submitted to Miss Pickford, Mr. Chaplin, and Mr. Korda and were approved. The final drafts were completed late Saturday, October 4, and on Sunday, October 5 a meeting was held at Pickfair at which the following were present: Miss Pickford, and Messrs. Korda, Chaplin, and Bagnall. The final drafts were read at this time to Miss Pickford, Mr. Korda, and Mr. Chaplin. Each provision was thoroughly explained and the final drafts approved for execution.

I now call your attention to minutes of the meeting of the stockholders held at Pickfair on Sunday, October 5, 1941. I quote from the minutes:

"The first business before the meeting was the explanation by Mr. Raftery of the proposed series of contracts to be entered with David O. Selznick Productions Inc. wherein and whereby this Company was to acquire a unit of the stock of the United Artists

Corporation, was to enter into a distribution agreement with the Company, stock purchase agreement, collateral stock agreement, finance agreement, and an agreement with the present shareholders under which certain changes were to be made in the by-laws of the Company.

After explanation, it was moved and seconded that Mr. Edward C. Raftery, Vice-President of the Company be and he hereby is authorized, on behalf of the Company, to execute each of the documents necessary to complete the Selznick transaction."

The agreements were all executed on the following day.

I stated above that the Selznick company had the right to assign under certain conditions. One of the conditions was that if it did assign, the $300,000 must be turned over to the assignee and the assignee assumes performance of the agreements; further, that David O. Selznick personally assumes the same obligations he was under to David O. Selznick Productions. On October 22, 1942, the agreements were assigned to Vanguard Films, Inc. The $300,000 had to be paid to Vanguard Films, Inc. within forty-five days after assignment. The $300,000 was paid to Vanguard Films, Inc. on December 5, 1942, and notice thereof was served upon the Secretary on December 11, 1942. So, therefore, as of December 11, 1942, Vanguard was in the same position in relation to United Artists as the previous contracting party in so far as the contractual agreements between the parties required the Producer to be in, that is, it had intact the $300,000 theretofore loaned to Vanguard and it had the essential agreement with David O. Selznick personally.

The first suggestion of a lawsuit in this matter was made in November, 1942. It was again renewed about the middle of December, 1942. During the interim I made a thorough investigation of the facts, aided and assisted by my personal knowledge and recollection of negotiations, supplemented by the new facts which had developed on December 11, 1942, that is, the proof filed with the Secretary of the deposit of the $300,000 to the credit of Vanguard Films, Inc. and I advised the company at that time that the company had no cause of action against the Selznick company or Mr. Selznick for alleged breach of contract or for other violation of the relations between the parties, and I still adhere to that opinion--that there does not now exist a cause of action either at law or in equity against the Selznick company or David O. Selznick personally.

I would like to call your attention also to the fact that during the early negotiations an effort was made to work out a financing arrangement for the second five units, as well as for the first five, and this effort failed and was abandoned. You will

notice that an attempt was made in the 11th draft to include such provision which was abandoned in subsequent drafts.

We have contracts today with approximately sixteen producers. We are distributing some of the outstanding pictures of the industry, including such great commercial properties as "Stage Door Canteen," "Lady of Burlesque," the so-called Paramount pictures "In Which We Serve," "Powers Girl," "Hangmen Also Die," and many others; and we are about to put into release our first Andrew Stone picture entitled "Hey Diddle Diddle," our first William Cagney production starring James Cagney, and titled "Johnny Come Lately," and the Walt Disney production, "Victory Through Air Power." We have a large banking commitment with the Guaranty Trust Company, a great part of which is executory on the part of the bank; and it is my firm opinion that the filing of any lawsuit by any one of the owners against the company and any owner might jeopardize the entire structure of the company. We have further been advised that if any minority stockholder litigation is instituted, application will be made for the appointment of a receiver for the company.

I therefore am calling a special meeting of the stockholders for Wednesday to discuss your notice and the contents of this reply; so that there will be no surprise at the meeting, copies of this reply are being sent to all stockholders and directors of the United Artists Corporation. Likewise, copies of your notice and the statement attached thereto are being delivered to the stockholders, as the directors have each been furnished with copies.

Very truly yours,

EDWARD C. RAFTERY

ECR/bl

CC--Miss Pickford
Mr. Chaplin
Mr. Korda (through M. Silberberg)
Messrs. Sears and Kelly

VANGUARD FILMS, INC.
9336 WASHINGTON BLVD. CULVER CITY, CALIF.

July 9, 1943

Mr. Edward C. Raftery
Mr. Gradwell Sears
Mr. Arthur W. Kelly
Mr. George Begnall

Dear Sirs:

We are today advising Mr. Loyd Wright by means of a copy of this letter that since we have not had submitted to us a copy of the Minutes of the last meeting of the stockholders, we cannot give our approval thereto until we have been afforded an opportunity to read them and until by such reading we have ascertained that they accurately reflect the action of such meeting. We have, however, had an excerpt from such Minutes dealing with the privileges that were granted to the management to take on certain pictures which normally would require stockholders' approval. The excerpt was very incomplete, indeed, and we of course must register with you our refusal to accept this excerpt as conclusive of what actually transpired at the stockholders meeting.

A reading of that excerpt discloses that the following matters of action at such meeting apparently are not reflected in the Minutes:

(1) That the authority granted to management is limited to one year, and to pictures that would be first distributed during such year.

(2) Provision that this authority can be revoked or changed on the wish of one or more of the owners at any time, even within the year.

(3) That under no circumstances are distribution fees to be subordinated.

(4) That there be no sliding scale terms on any of these films; and that distribution fees shall under no circumstances be less than (and, hopefully, more than) those we referred specifically to as the "old Eddie Small terms," before the change in his contract, and so that there may be no misunderstanding we suggest that these be referred to in future as "minimum standard terms." These are the terms under which pictures are being distributed for Pressberger, David Loew, et al. It is our understanding that these terms are also identical with those given to Spitz and Skirball, on which I should appreciate confirmation from you.

(5) That there be no "favored nations" clause in any contracts for these additional films.

(6) We specifically spoke about using a standard contract, and this was agreed to. The purpose of this is, and our understanding of the

agreement between the stockholders and the management is, that there should be no deviation from any other clause in the contracts held by Pressberger, et al, unless, of course, they are unquestionably beneficial to the company. It is our understanding that the Andrew Stone terms are 2½% better from the company's standpoint than these terms, and that there is no other deviation in the Stone contract; and on this, too, we should appreciate confirmation from Mr. Raftery.

(7) This approval is limited to a total of six (6) pictures under any circumstances, and, of course, is also limited to arrangements involving United Artists in no financial obligations or commitments.

(8) The management shall not enter into any contracts under which United Artists is required to give of its film quota, other materials, or man power, that are or may be under governmental control without protecting first the stockholder-owners, and, secondly, the producers who have been with United Artists for a period, these latter in the order of their seniority. Under no circumstances shall United Artists promise any pro-rata participation, or any other participation whatsoever, in these facilities to new producers; and, on the contrary, all new contracts are to make clear that only such facilities may at its option be offered by United Artists to these new producers as may not be required by the stockholder-producers and, secondarily, the non-stockholding producers already within the fold, and for which two groups the government obviously allotted film. It is clearly necessary that United Artists should not find itself in the position of having to reduce what it has available for its principal and senior producers in order to have it available for new and comparatively unimportant producing units.

(9) No action should be taken in connection with any of these films that is not taken at a full and formal meeting of the board of directors, at which all four members are present in person; andno action of the board in relation to these pictures shall be possible unless three out of four of the directors vote in the affirmative at such fully and personally attended meeting. Formal Minutes are to be kept of these meetings, and copies of the conclusions transmitted to the stockholders as soon as typed.

(10) It was further agreed at the meeting that under no circumstances would the management vote upon taking on any of these pictures without first advising the stockholders and giving them the opportunity to express their opinion as to the wisdom of these additional acquisitions.

So much for the authority given the management, which we demand immediately be reflected in the Minutes of the last meeting of the stockholders. Without in any manner or detail waiving any of the above, and simply to ensure that there shall be no further actions in violation of the above regulations, acting under provision (2) above, we hereby notify you that these provisions are now in full force and effect.

Further, we assume that no irreparable damage has been done, for we are informed by Mr. Raftery that no contracts have been ratified by the board, that have not individually been approved by the stockholders at the last meeting or previously.

We hereby ratify our approval, previously given, of a one-picture deal for "Knickerbocker Holiday" on the basis of 30% domestic distribution terms, and not less than minimum standard terms (as referred to above) throughout the world, but hopefully percentages more consistent with the 30% domestic terms. Our recollection is that help is to be extended, if required, to the producer in getting one or more personalities for his production in order to bolster it commercially; and we do not wish to stand on any carping criticism of the management's actions, and will not challenge the deal, provided, of course, that it is for the one picture that was approved, and not for more, on which point we shall appreciate your immediate reply.

We also ratify the Andrew Stone deal, which, as we recall it, was to be entirely optional with the company beyond the first year, with succeeding options for each of a period of years; and with 27½% domestic distribution terms.

We hereby ratify and confirm our approval of the deal with Leo Spitz and Jack Skirball, which was specifically for two and only two pictures, both on minimum standard terms. One of these pictures was "Duffy's Tavern", the other the Fred Allen picture, and minimum expenditures per picture were to be made part of the deal, as was the case also with the "Knickerbocker Holiday" and Stone deals. We should appreciate confirmation that all of these provisions were made in all three of these deals. We understand that the Fred Allen deal has fallen apart, and we refuse to approve any substitute until and unless details of such substitute, if any, are submitted for our approval.

We hereby instruct the management that it is our understanding that no distribution deals will be canceled or altered without submission to the stockholders.

We insist upon immediate submission to the stockholders of copies of all present existing distribution contracts, and of all future distribution contracts that may be entered into, or full briefs thereof. We feel this necessary because of what has transpired in several cases in the recent past. A case in point is that of James Cagney. The argument was advanced that Cagney should be given sliding scale terms, despite the opposition of some of the owners, on the representation by the management that no pictures starring James Cagney could possibly gross less than a certain amount, and that the contract was binding on James Cagney for his exclusive services for a period of years. We now learn that the contract may have some loopholes; that in point of fact James Cagney is not bound exclusively to United Artists and may make his second film for another distributor; that William Cagney may be planning on producing a picture with another personality, presumably for United Artists release, on sliding scale terms which the owners certainly would not have approved for William Cagney for any pictures other than those starring James Cagney; to permit this would have the effect of giving to William Cagney an option to produce pictures with or without James Cagney for United Artists release; and, indeed, an option has even been given to William Cagney to produce or not for United Artists as he sees fit, if the contract is to be

measured in its practical terms. On the face of it such a contract, with sliding scale terms, and with a favored nations clause, is ridiculous and untenable, and we regard it as definite proof of the necessity of approval by the owners of all distribution contracts in the future.

We further have been advised that the terms of the option on the interest in the Hunt Stromberg picture, and of United Artists financial obligations in regard to his future picture or pictures, are definitely not as represented to the stockholders at the last meeting. We are shocked by this latest chapter in the incredible story of the Stromberg contract, as well as by the management's ignorance of deals which it itself made.

We are informed that the management, after turning down the combination of the story of the Sullivan brothers and Lloyd Bacon as director, on what would at the worst have been minimum standard terms, has now encouraged Edward Small to take on this identical set-up on sliding scale terms, a procedure so contradictory and so potentially costly to United Artists that it is beyond our understanding.

As to various other deals, which we gathered from the trade papers and other sources have been negotiated by one or the other of the members of the United Artists board of directors, despite the agreement that these propositions were first to be discussed with the stockholders, we understand that these have not been concluded, and we therefore wish to reiterate that if the United Artists management makes any of these deals on its own authority, it does so illegally, and we shall hold the board of directors individually and severally responsible for acting without authority.

We understand that the rumored proposed deal with Jules Levey is now abandoned, and we wish to advise you that if you enter this deal without our approval, in the face of your statements and those of every other member of the board that no further producers were desired except those of the highest rank, we shall immediately apprise you of our revocation of even the limited authority granted you at the last meeting and in this letter. We wish to stress that in any case your approval is limited to six pictures to be distributed within one year from the date of the last stockholders meeting. Further in connection with the proposed Jules Levey deal, you will recall that this was made subject to discussion at the last meeting at Pickfair, at which time it was rejected. Of the deals discussed and proposed at that meeting, it is our recollection that only the Stone deal, the "Knickerbocker Holiday" deal, and the Skirball-Spitz deal were approved. How then after an express rejection by the stockholders the board of directors can propose to over-ride the stockholders is beyond our power to understand. The consent of one member of the board to this proposed deal was, we are informed, procured in a most unbusinesslike fashion, to say the least. This member, at the time his consent was solicited, was advised that the three other members of the board, including Mr. Raftery, had approved, whereupon, since he recognized that the deal possibly could be consummated without his consent, he gave his consent in order to make the action an unanimous one. It subsequently developed that at the time this consent was procured, Mr. Raftery had not given his (and Mr. Raftery has advised us that he has not yet given his consent). This situation is illustrative not only of confusion but of the damage which can result to the corporation's business and position from the unorthodox practice of not holding directors meetings with respect to matters which are

required to be, and should be, the subject of board action taken in "meeting assembled." We vehemently protest this unorthodox and unbusinesslike procedure, and point out to you that in our opinion there is grave danger to the members of the board that this procedure will be held to be not in accordance with legal requirements, and consequently invalid. Based on what we are informed are the facts attendant on the proposed deal with Jules Levey, and prescinding from our other position and feelings we have in connection with this deal, we believe that no board action whatsoever has been taken in connection therewith.

According to the trade papers, United Artists has again lost Disney to RKO. It is not surprising that United Artists has lost this distinguished producer whose product it desperately needed to take it out of the dumping-ground category, entirely regardless of the dollars and cents equation. We say it is not surprising, and we have reference to the management's preoccupation with securing the "product" of any promoter or entrepreneur, regardless of background or accomplishments. We are also mindful of the complete disintegration and destruction of the prestige of United Artists, a prestige which has meant a great deal in keeping the company alive financially, a prestige to which the management seemingly is indifferent so long as it can build this year's gross, without regard to the future of the company, or to the effect upon the handling of producers who have with complete integrity tried to maintain a standard for United Artists.

According to the papers, the company is negotiating a deal with Charles Morrison. You are hereby notified of our desire that no deal be entered into with Morrison except after submission to us of details of the pictures and of their financing; and if this wish is disregarded we shall immediately revoke the limited authority given to you at the last stockholders meeting and in this letter.

Among other things, the management is apparently completely unaware that with the limited facilities of space and man power available for even top-ranking independent producers, it is sponsoring any sort of product at serious expense to the type of product which alone can make United Artists' permanent survival possible.

We understand that the proposed negotiations looking to a deal with Howard Hughes for "The Outlaw" have been terminated, and we are assured by Mr. Raftery that it will not be reopened. We feel that this is as it should be.

We have no detailed knowledge of the deal with David Loew and Arthur Lyons, and should like to be apprised immediately of details before the company obligates itself to this deal. Once again we must warn you that never at any time did the management have authority for more than a total of six additional pictures to be released within this year; and that if this was forgotten by the management, it is now on record that this limitation exists, commencing immediately, and inclusive of any pictures which may have been taken on by the management since the last stockholders meeting. However, if any films even within this limitation of six have been taken on by the management in contradiction of any of the regulations as stated in this letter, we shall hold the management accountable.

If within six days of the date of this letter a satisfactory reply is not received from the management in connection with each and every one of the matters mentioned in this letter, we shall immediately legally inform you by telegraph that all authority of every type and nature to take on pictures without owners' approval is revoked. We are most anxious to cooperate with the management in

securing quantity and quality of product which it was unanimously agreed was required, and when we say 'unanimously' we speak of every single member of the board and every single stockholder or his representative, without exception. The management is doing everything within its power to make the acquisition of such product impossible, in order quickly to grab whatever pictures are obtainable within the year during which some part of the management has a percentage agreement, or for other reasons that are not too clear to us. We are not prepared to kill the goose in order to secure a few extra golden eggs for the management.

At the last meeting, Mr. Selznick suggested to Mr. Charles Schwartz, representing Mr. Chaplin, that a limitation be put upon the management preventing its individuals from participating directly or indirectly in the profits or proceeds of any pictures distributed through United Artists. Mr. Schwartz, of counsel to the company in New York, advised Mr. Selznick that he felt such a proposal was unnecessary and possibly insulting, since it was surely obvious that any such interest would constitute criminal malfeasance. We call the attention of the management to our concurrence with Mr. Schwartz's opinion; and to the opinion of our counsellors that this malfeasance would also exist if the interest were disguised through members of the family of any members of the board.

We are also informed that a certain non-stockholder producer heretofore has made statements that he paid for his United Artists release. We must demand that the board, as a committee, immediately and thoroughly investigate and report in writing to the owners on the charge.

We also wish to have an assurance from each of the members of the management that he understands that the funds belonging to all producers releasing through United Artists partake of the nature of trust funds, and that any use of them on the company's part is an action which may involve the board of directors jointly and severally, as well as the company, in serious liability. We wish to advise the management that while we have no pictures currently in release, we intend to protect the company, and shall not hesitate to join with any producer who may be victimized by the company in this connection. We make no charges, and hasten to add that we hope that under no circumstances has the management been guilty, or will it be guilty, of any such practice as the use for even one minute of funds which are not its property, and which are virtually in its trust.

Upon receipt of the reply of the individual members of the management to this letter, and dependent upon the nature of this reply, we shall apprise you of what steps we feel are necessary to be taken in the protection of the best interests of the company, its owners, and its creditors.

Very truly yours,

VANGUARD FILMS, INC.

By Daniel T. O'Shea
President

DTO'S:mp

July 14, 1943

Vanguard Films, Inc.
9336 Washington Boulevard,
Culver City, California.

Dear Sirs:

In reply to your letter of July 9, 1943, I wish to call your attention to the exact language of the resolution passed on May 7, 1943, at the adjourned annual meeting of the stockholders of United Artists Corporation:

> "RESOLVED, that for a period of one year the provisions of the By-Laws requiring unanimous approval of the stockholders to take on new product for distribution be suspended in the following particular only:
>
> > 'That the board of directors be vested by majority vote to make product deals involving no production financing.
> >
> > Secondly: That the board of directors be authorized by majority vote to make financing commitments as a condition of getting product not to exceed $25,000.00 per picture.'
>
> Both of the above provisions to be for a period of one year."

None of the restrictions contained in your letter are included in the resolution.

I wish also to correct certain inaccuracies contained in your letter. First, I never informed you that no contracts have been ratified by the Board. I advised you that a deal had been approved to give a distribution agreement to Mr. Jules Levy for a minimum of three and a maximum of five pictures to be delivered within three years, to cost $600,000.00 per picture, minimum standard terms of distribution. That due to a difference between Mr. Levy and the company on one point, to-wit a favored nation clause, no formal contract had been made. Three of the directors approved the deal in Los Angeles and my approval was secured over the telephone. I am not in a position to debate whether I approved before Bagnall or after Bagnall.

Regarding the Fred Allen deal, we have not been in any way officially notified that the Allen picture is off.

Regarding the Cagney deal we are only by contract obligated to distribute pictures starring James Cagney. That is, the pictures must be produced by William Cagney and star James Cagney. This likewise is the Bank agreement. At all times the owners were advised that James Cagney had the right to appear in one picture a year on the outside, this in no way limiting his commitment to us.

I fail to understand about your being shocked in connection with the Stromberg situation. We have completed our full financial commitments to Mr. Stromberg. We are getting our full distribution. He is adequately financed for in-between-time and for his next picture. We have a 25% interest in the profits of the five pictures and we have already earned our 25% interest in picture #1 and if he wants to buy us off he has to pay us that plus the $250,000.00 he owes us, plus the $50,000.00 bonus and he must do that thirty days after delivery of his next picture. Otherwise we participate in that picture.

There never was a turn down of the Sullivan Brothers - Bacon deal. On the contrary the deal has never been fully financed or presented to us in a financed manner. Mr. Sears did express at the meeting no enthusiasm for the picture. It is an impossibility to discuss every matter in meeting assembled because, first of all, Mr. Bagnall is in California while generally one or two of the other directors are in New York or elsewhere and many deals have to be discussed over the telephone or by telegraph.

As regards the Disney situation, it would be a great privilege for United Artists to distribute the Disney pictures, but not on the terms of the R.K.O. Disney agreement. We regret we cannot meet this terrible competition.

Regarding the outlaw situation, last week, Mr. Neil McCarthy stated that he did not wish to do business with United Artists on any basis and that he was concluding negotiations. I was somewhat surprised when he telephoned me yesterday that he had reopened negotiations with Mr. Sears. Again I reiterate to you that I, personally, will never approve for distribution a picture that has been condemned by the legion of decency.

Regarding the Loew-Lyons situation, I informed you the full details of this proposed deal. A minimum of one - a maximum of three pictures, to be delivered within a year, standard terms, the first picture to be a cavalcade of music with score by Jerome Kern and Cole Porter and Ira Gershwin.

Regarding the suggestion that members of the management are participating directly or indirectly in the profits or proceeds of any pictures distributed through United Artists, I assure you I have no knowledge of any such situation. Mr. Bagnall has no such knowledge and he authorizes me to state neither he nor I have any such interest. Mr. Kelly and Mr. Sears will answer you directly on this point and I am here to state that I have no knowledge, nor has it ever been suggested that either have a participation of any kind in any situation. I believe this charge demands a bill of particulars and you should particularize.

I imagine in the next paragraph where it is suggested a producer heretofore made statements that he paid for his United Artists release - refers to Mr. Pressburger. Mr. Pressburger, I am advised, completely retracted this charge. However, I am going to see him personally before I leave town and either get an admission or retraction. I have seen Pressburger on many occasions and he has never made any such suggestion to me. I do wish to advise you, however, that the Pressburger contract was negotiated by Murray Silverstone in December, 1940 and January, 1941 and was concluded by him after securing the approval of the then owners and at a meeting held in March,-1941 the Board of Directors ratified the agreement. No one of the present management had anything to do with the negotiations or concluding of this agreement. Mr. Kelly and Mr. Raftery, who were the only ones of the present organization then with the company, were in New York continuously during the negotiations, and the negotiations were carried on here in California.

I am not giving any assurance either for myself or Mr. Bagnall who happens to be here, and I certainly will advise Mr. Kelly and Mr. Sears to give no assurance that the monies collected by United Artists for exhibitors are trust funds held for producers. The contracts speak for themselves and the law is well established as to the nature of the furds. As a producer we will give you every bit of information and cooperation called for in your contract. As a stockholder we will give you every bit of information and cooperation the law of Delaware entitles you to. We greatly regret the bickering that is going on at the present time and we want

to point out that on December 1, 1941 when we stepped in the companies played and earned was running about $110,000 per week domestic. You know the accumulated losses for 1941 and 1942. We are now running approximately $400,000 per week domestic and will go higher during the next several weeks. We expect the biggest year in the history of the company and we do not believe any action by any stockholder, either against the company or against another stockholder can result in anything but destruction of the company, or a serious impairment of its future activities.

I am calling a stockholders' meeting for an early date to discuss other matters and I intend to bring all questions raised in your letter before the meeting.

Yours very truly,

EDWARD C. RAFTERY

ECR/d

Charge to the account of Loyd Wright, 1125 Board of Trade Bldg. $

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|---|---|---|---|
| DOMESTIC | | CABLE | |
| TELEGRAM | | ORDINARY | |
| DAY LETTER | | URGENT RATE | |
| SERIAL | | DEFERRED | |
| NIGHT LETTER | | NIGHT LETTER | |

Patrons should check class of service desired; otherwise the message will be transmitted as a telegram or ordinary cablegram.

# WESTERN UNION

1206

A. N. WILLIAMS, PRESIDENT — NEWCOMB CARLTON, CHAIRMAN OF THE BOARD — J. C. WILLEVER, FIRST VICE-PRESIDENT

| CHECK |
|---|
| ACCOUNTING INFORMATION |
| TIME FILED |

*Send the following telegram, subject to the terms on back hereof, which are hereby agreed to*

Los Angeles, California, August 5th, 1943.

TO WESTERN UNION:

Please send the attached DAY LETTER to the following:

Miss Mary Pickford, Pickfair, Beverly Hills, California;
Charles Chaplin, 1416 North La Brea, Hollywood;
Vanguard Films, Inc., 9336 Washington Blvd., Culver City, Calif;
Alexander Korda, c/o Mendel Silberberg,
Roosevelt Bldg., Los Angeles.

Loyd Wright.

Charge to the account of Loyd Wright, 1125 Board of Trade Bldg. $

| CLASS OF SERVICE DESIRED | | | |
|---|---|---|---|
| DOMESTIC | | CABLE | |
| TELEGRAM | | ORDINARY | |
| DAY LETTER | X | URGENT RATE | |
| SERIAL | | DEFERRED | |
| NIGHT LETTER | | NIGHT LETTER | |

Patrons should check class of service desired; otherwise the message will be transmitted as a telegram or ordinary cablegram.

# WESTERN UNION

1206

A. N. WILLIAMS, PRESIDENT
NEWCOMB CARLTON, CHAIRMAN OF THE BOARD
J. C. WILLEVER, FIRST VICE-PRESIDENT

CHECK

ACCOUNTING INFORMATION

TIME FILED

*Send the following telegram, subject to the terms on back hereof, which are hereby agreed to*

Los Angeles, California, August 5th, 1943.

Please take notice that a special meeting of the stockholders of United Artists Corporation is hereby called to be held on Monday, August 9th, 1943, at the hour of 11:00 o'clock A. M. at the offices of the company, 1040 North Las Palmas, Hollywood, California, for the following purposes: First: At the request of one of the stockholders who believes that the stock and stock units of defendant, United Artists, should not be placed upon the market and not offered to outsiders because this stockholder believes that the stock should be zealously guarded, to consider the acquisition if possible of the Alexander Korda unit of stock. Second, to consider the employment agreements of ~~the~~ certain employees of the corporation which are expiring or in which options must be exercised; Third: to discuss and consider the duties and responsibilities of the respective officers of the corporation and to amend or alter said duties if the occasion warrants.

Respectfully,

Loyd Wright.

MINUTES OF SPECIAL MEETING OF
STOCKHOLDERS OF
UNITED ARTISTS CORPORATION

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In accordance with notice, hereinafter referred to, the special meeting of stockholders of United Artists Corporation was convened at two o'clock p. m. on August 9, 1943, at the office of the corporation, 1040 North Las Palmas, Los Angeles, California.

The meeting was called to order by President Edward C. Raftery, who directed Assistant Secretary Charles E. Millikan to call the roll. The following stockholders were present in person or represented by proxy as indicated:

VANGUARD FILMS, INC., by David O. Selznick and Daniel T. O'Shea, proxy;

ALEXANDER KORDA and ALEXANDER KORDA FILMS, LTD., by Mendel B. Silberberg, proxy;

THE PICKFORD CORPORATION, by Mary Pickford, proxy;

CHARLES CHAPLIN.

There was also present George Bagnall, Vice President.

Mr. Raftery called for nominations for Chairman of the meeting, whereupon a motion was made by Mr. Silberberg, seconded by Miss Pickford, that Mr. Raftery be appointed Chairman of the meeting. The motion was unanimously carried. The Chairman thereupon appointed Charles E. Millikan, Assistant Secretary of the corporation, as Secretary of the meeting.

Mr. Millikan presented copy of telegraphic notice calling the meeting and was directed by the Chairman to attach the same to the minutes of this meeting. The Chairman called attention to the fact that the notice specified the hour of eleven o'clock in the morning as the time for the meeting and stated that by prior oral consent of all of the stockholders, the meeting was postponed from eleven o'clock to two o'clock of the same day.

The Chairman stated that the first matter which he suggested for discussion was the first item stated in the notice of calling the meeting, with reference to the sale and purchase of the Korda stock. Mr. Raftery stated that Mr. Korda has not officially notified the corporation that his stock is or will be offered for sale to the corporation and he further stated that under the by-laws, any stockholder desiring to sell his stock must first offer it to the corporation in accordance with the provisions of the by-laws. The Chairman further stated that he had been informed that Mr. Korda will leave England for America in "about ten days" and may immediately propose the sale of his stock and the Chairman therefore thought it advisable to get an expression from the various stockholders present as to whether or not the Korda stock should be purchased by the corporation.

Thereupon Mr. Chaplin stated that in his opinion any discussion of the purchase of the Korda stock was premature until the corporation received a formal notice or offer from

Mr. Korda of his desire to sell the stock.

Mr. Raftery expressed the opinion that the corporation might make a better and more advantageous deal for the stock if the purchase of the stock is negotiated privately than if it is offered by Mr. Korda in accordance with the formula set forth in the by-laws.

Mr. Selznick stated that he wished to make an inquiry, which he wanted recorded in the minutes, and thereupon Mr. Millikan informed the stockholders that it was impossible for him to take down verbatim statements or questions of any of the stockholders because he did not write shorthand. Mr. Raftery informed those present that Mr. Millikan had previously suggested the advisability of having a court reporter present to make a verbatim report of all discussion of statements but he had not deemed it necessary. Thereupon it was suggested that one of the secretaries in the office of the corporation be called in to make shorthand notes and thereupon Mr. Bagnall's secretary, Miss Ginsberg, was requested to attend the meeting and make notes in shorthand of questions and statements made by those present and furnish a copy of the same to the Secretary of the meeting to assist him in preparing the minutes.

Thereupon Mr. Selznick made inquiry as to whether or not, under the Delaware law, the corporation is in a legal position at the present time to acquire the stock of Alexander Korda, based upon the last audited financial statement of this

corporation. To this inquiry Mr. Raftery replied in substance that if the audited statement of 1941 made by Price, Waterhouse & Company is taken as the basis, in his opinion he would not consider the surplus position of the company to warrant the acquisition of the Korda stock or any unit of stock, because any acquisition based on that statement would be out of capital rather than out of surplus. He further stated that as of the present date the surplus position shown by the cable reports and the last profit and loss statement prepared by the Treasurer of the company, Mr. Muller, indicates that the capital position of the company and the surplus condition have been so improved, particularly during the calendar year of 1943, that in consideration of the consolidated position of the company, the corporation is in a position to acquire the Korda stock. He stated that in arriving at this conclusion, he was taking into consideration the consolidated operating statements of the Delaware company and its wholly owned subsidiaries; the asset value of the Delaware company and its wholly owned subsidiaries and the asset position of the wholly owned British company--in short, the consolidated position based on the over all position of the entire operation. Mr. Raftery further stated that as to the matter and means of making such a purchase, that is something that would have to be worked out very carefully if the purchase were to be made.

Mr. Selznick thereupon made inquiry as to whether or not, if a stockholder should offer his stock to the company

for book value plus twenty-five per cent and the company declines to purchase, can the stockholder thereupon sell the stock to some other party for a lower figure, or is he then obligated to offer it to the company at the best price obtainable elsewhere. Mr. Raftery stated that in his opinion the stockholder would not under those circumstances be obligated to offer the stock to the corporation at a lower figure and stated that what the stockholder is obligated to do is this: if he offers the stock to the corporation at book value plus twenty-five per cent and the company is not interested, then the stockholder must in turn offer it to each of the other shareholders at book value plus twenty-five per cent and each of the said other shareholders has the right to purchase it; that if, for example, Miss Pickford stated that she did not wish to purchase, then Mr. Chaplin or Mr. Selznick (Vanguard Films, Inc.) would each have the right to purchase half or if two of the three remaining shareholders showed no desire to purchase, then the remaining shareholder would have the right to purchase the entire unit of stock at that price. If the corporation turns it down and the three remaining shareholders turn it down, the restriction ceases and Mr. Korda or any shareholder offering his stock for sale would then have the right to sell it to anybody at any price that he sees fit.

Mr. Silberberg thereupon suggested that if in January 1942 the corporation had an earned surplus greater than

the amount the corporation intended to expend for a unit of stock, the purchase could have been made. Mr. Raftery made a further statement with reference to the consolidated audit of January 1, 1942.

At this point Mr. Chaplin asked whether or not Mr. Korda has stated his intention to sell his stock and was informed that no formal offer to sell has been made. Mr. Chaplin thereupon stated that he wished to go on record as stating that any discussion regarding the purchase of the Korda stock is premature.

Thereupon Mr. Selznick informed those present that the Korda stock is available to him or Vanguard Films, Inc. for purchase for the sum of $625,000 (this figure was later corrected by Mr. Selznick to be £165,000, in England). Mr. Chaplin stated that the stock has to be offered to the corporation first; that it cannot be a bona fide offer if made to an individual.

Mr. Raftery stated that if Mr. Korda wants to sell the stock to anybody he will have to sell it subject to the restrictions under the by-laws of the corporation.

Mr. Selznick thereupon stated that it is more than conceivable that he will be willing to accept Mr. Korda's offer and assume the liability of offering the stock to the corporation for book value plus twenty-five per cent and further stated that he wants it to be known that he or Vanguard may want to buy the Korda stock, subject to the by-laws provisions, and then offer it to the corporation.

Miss Pickford stated that she wished to go on record as saying that the corporation should buy the stock and buy it immediately and that she assumes that Mr. Korda will sell his stock to the corporation at the same price he has offered it to Mr. Selznick and that it is to be assumed United Artists' money would be as good as Mr. Selznick's money.

Mr. Selznick stated that Mr. Korda knows that he has to make the offer to the corporation and the stockholders according to the by-laws; that Mr. Selznick feels that the corporation should buy the stock and if the corporation's stockholders refuse to buy the stock, he will go ahead with the purchase personally, or Vanguard Films, Inc. will go ahead with the purchase, and he will take the full responsibility referred to in the by-laws and if subsequently he should offer the stock to the corporation in accordance with the by-laws and this should result in a loss to the corporation by comparison with what the Korda stock may be acquired for by the corporation today, Mr. Selznick wanted the record to show that the corporation had a chance to buy the stock and that if he should buy it, it will be after the corporation had the opportunity and refused.

Mr. Raftery stated that if he correctly understands the matter, Mr. Selznick has had some negotiations by which he or Vanguard Films, Inc. could buy or acquire the Korda stock for $165,000, the manner and method of payment not having been discussed or determined. Mr. Selznick stated that there is no

finality to it at the moment--that neither party has legally bound himself to the point where he could not withdraw from or retract the transaction. Mr. Raftery further stated that as he understands the matter, if the corporation turns down the offer to purchase the Korda stock at the quoted price of £165,000 and Mr. Selznick should go ahead and acquire it, Mr. Selznick will offer it to the corporation for the book value plus twenty-five per cent as provided in the by-laws and if the corporation then wishes to buy it and has to pay more, the corporation must assume that risk. Mr. Chaplin then stated that no valid offer has been made; that he does not recognize it as a valid offer; that an offer should be in written form and should be submitted to the corporation; that the discussion of the matter at this time is premature.

Thereupon a motion was made by Mr. Selznick, and seconded by Miss Pickford, that the following resolution be adopted:

> RESOLVED that the management of United Artists Corporation be and is hereby authorized to purchase the stock of Alexander Korda and Alexander Korda Films, Ltd. for any amount for which it can be purchased, up to but not exceeding the sum of £165,000.

The Chairman suggested that Mr. Silberberg, being the proxy for Mr. Korda and the Korda company, is not eligible to vote because he represents an interested shareholder. The Chairman thereupon stated the question upon the adoption of the motion made by Mr. Selznick and the Pickford Corporation and Vanguard Films, Inc. voted Aye and Charles Chaplin voted No.

The Chairman thereupon stated that he would obtain advice from independent counsel in Delaware as to whether or not the motion has been validly carried. Mr. Raftery further stated that in his opinion the majority of those eligible to vote can determine the question of the purchase of stock but that he would take advice from independent counsel as to whether or not his opinion is correct.

The Chairman then inquired as to whether there was any further discussion in connection with the Korda stock situation and Mr. Selznick asked Miss Pickford and Mr. Chaplin whether they were personally interested as individuals in joining with him in the acquisition of the Korda stock for the price stated. Mr. Chaplin said that he would have nothing to say except that a discussion at this time was premature. Miss Pickford stated that in the event the corporation is not in a legal position to buy the stock then she would like to share it with Mr. Selznick and further stated that in the event she and Mr. Selznick should buy the stock and Mr. Chaplin should decide later that he wishes to acquire one-third of it, he might do so, within a reasonable time. Mr. Selznick asked what she considered a reasonable time and Miss Pickford said she would consider a year as reasonable. Mr. Selznick stated that he could not agree with that suggestion.

Mr. Silberberg at this point stated that he wished it understood that there is no attempt on Mr. Korda's part to place anybody "in a position" because a request for the meeting

did not come from him or Mr. Korda; that he had been advised of the meeting. At this point the Chairman requested Mr. Silberberg to retire from the meeting until recalled to the meeting room and Mr. Silberberg left the room.

There followed a general discussion with reference to the advisability of private negotiations for the purchase of the Korda stock, as against a formal offer and purchase as provided for in the by-laws and Mr. Raftery outlined the procedure and the consideration involved in the purchase of the Goldwyn stock and also the Joe Schenck and Art Cinema Company stock and then outlined the present general financial situation of the corporation.

Mr. Selznick thereupon made a motion that in the event Delaware counsel advised Mr. Raftery that the motion previously passed for the purchase of the stock was not adopted in accordance with the by-laws, that the corporation buy the Korda stock at book value plus twenty-five per cent, if a firm offer is received from Mr. Korda. There was no second to the motion.

After some further discussion of the matter and a statement by both Miss Pickford and Mr. Selznick that in their judgment the company should buy the Korda stock, Mr. Bagnall was requested by the Chairman to leave the meeting room and to have Mr. Silberberg return to the meeting. Mr. Silberberg thereupon returned to the meeting room and Mr. Raftery stated that on August 1, 1941, United Artists Corporation made an

agreement with George Bagnall whereby he was employed for certain duties for the corporation; that the agreement is in the form of an annual agreement with options for extensions; that the agreement provides that the year commencing August 1, 1942, and ending July 31, 1943, Mr. Bagnall should receive salary at the rate of $800 per week with an option to extend his contract for an additional year at a salary of $900 per week. Mr. Raftery stated that it was his opinion that the option for the additional year should be exercised immediately if the company wished to avail itself of Mr. Bagnall's services for another year; that in Mr. Raftery's opinion the option should be exercised. In this connection Mr. Raftery highly complimented Mr. Bagnall for the type of service rendered and commented upon Mr. Bagnall's reputation and standing with the banks with whom United Artists Corporation and certain of its producers have had important business.

Mr. Selznick stated that he thought the management should try to obtain a new agreement increasing the number of options, bringing the total term of the contract, including optional years, to five years.

Thereupon a motion was made by Mr. Chaplin, seconded by Miss Pickford, that the following resolution be adopted:

> RESOLVED that the President of this corporation be and he is hereby authorized to exercise the option contained in the contract dated August 1, 1941, between this corporation and George Bagnall, extending the term of said contract for an additional year commencing August 1, 1943, and that the management of the company use its best efforts to secure additional yearly options so that the corporation will have the right to the option

of obtaining the services of Mr. Bagnall for a period of five years from August 1, 1943, upon the best terms obtainable.

On the statement of the question, the motion was unanimously carried.

At this point, Mr. Bagnall was requested to return, and he did return, to the room.

Mr. Raftery thereupon stated that during the past several weeks, various members of the management have been negotiating with Boris Morros, the principal negotiations being carried on by Mr. Bagnall; that a deal has been proposed by Boris Morros to make a maximum of six pictures and a minimum of five over a three year period, his entire production activities to be fully financed with no financing or contribution of any kind by United Artists Corporation; that the terms of distribution were to be standard terms; that the contract would provide for a delivery of a minimum of two pictures during the first eighteen months' period of the three year term and the minimum of two pictures during the second eighteen months' period of the three year term, United Artists Corporation to have complete approval of stories, cast and directors and each picture to cost a minimum of $600,000. The first Boris Morros picture is to be a musical, starring Harry James and his band, Sonia Henie and George Raft; one picture at a time to be produced and delivered and if the corporation is not interested in each picture submitted, United Artists can "pass it up".

Mr. Selznick suggested that the contract should provide for two pictures in eighteen months, with an option on the part of United Artists to require the production and delivery of two more and a second option to United Artists to require the delivery of two additional pictures.

Mr. Chaplin stated that in his judgment standard terms so far as the United States, Canada and England are concerned are inadequate and suggested that not only on the Morros pictures but on all future releasing deals, United Artists should require 27 1/2% for distribution in the United States, Canada and England. It was the consensus of opinion that Mr. Chaplin's suggestion should be followed and by common consent, Mr. Bagnall was instructed to try to make the contract with Boris Morros on the basis of 27 1/2% for distribution in the United States, Canada and England but that he should have authority, if he thought it necessary, to agree to defer 2 1/2% until the bank which financed the production should be repaid the amount of any loan made on the production. Mr. Bagnall was also instructed to be absolutely certain that all of the elements reported for the first picture of Boris Morros be definitely set and obtained before any contract is executed and it was explained that by the "elements" was meant a musical starring Harry James and his band, Sonia Henie and George Raft. Mr. Bagnall was further instructed that the contract should provide that the first Boris Morros picture should be delivered no later than July 1, 1944, and the second one not later than eighteen months from August, 1943.

The Chairman read telegrams from Mr. Sears and from Mr. Kelly on the Rank--English picture situation and Two Cities-three picture deal. There followed an extended discussion with reference to the English situation and without formal vote, it was the consensus of opinion that no deal be made for the three English pictures under discussion until the same have been seen. Mr. Raftery was requested to go into the English situation further upon his return to New York. Miss Pickford suggested that something should be done by the management to augment the staff of the corporation in England with the addition of some outstanding person. Report was made that some discussions had been had with Lester Cowan and with Ralph Cohn but that negotiations have not progressed sufficiently to require any decision.

Thereupon motion was made, seconded and unanimously carried that the meeting adjourn.

_____
Secretary of the meeting

_____
Chairman

WAIVER OF NOTICE OF MEETING OF
THE BOARD OF DIRECTORS OF
UNITED ARTISTS CORPORATION.

WE, the undersigned, being all of the directors of United Artists Corporation, do hereby waive notice of a regular meeting of the Board of Directors of said corporation to be held on Tuesday, September 28th, 1943, at the office of the corporation, 1040 North Las Palmas Avenue, L os Angeles, California, at the hour of 10:30 o'clock a. m.

Edward C. Raftery.

Gradwell L. Sears.

Arthur W. Kelly.

George L. Bagnall.

MINUTES OF REGULAR MEETING OF THE BOARD OF DIRECTORS OF UNITED ARTISTS CORPORATION.

A regular meeting of the Board of Directors of United Artists Corporation was held at the office of the corporation, 1040 North Las Palmas Avenue, Los Angeles, California, on Tuesday, September 28th, 1943, at the hour of 10:30 o'clock a. m.

Upon roll call it was ascertained that the following directors were present:

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|---|---|
| Edward C. Raftery, | Gradwell W. Sears, |
| Arthur W. Kelly, and, | George L. Bagnall, |

being all of the directors of the company.

The President stated that the minutes of the annual meeting of the stockholders, as well as the minutes of the meeting of August 9th, 1943, had not been fully approved by the shareholders of the corporation; that tentative minutes had been prepared by the secretary of the meetings, that the same were in the possession of the Secretary, and that excerpts from these minutes would be prepared and attached to or incorporated in the minutes of this meeting for the guidance of the directors; that in addition thereto, at the August 9th, 1943, meeting, Miss Henrietta Ginsberg, Mr. Bagnall's secretary,

had taken shorthand notes as an aid and guidance to the secretary of the meeting. The President stated however, that he wished to incorporate in these minutes for the guidance of the directors at this point, the following excerpt from the minutes of special meeting of the stockholders held on August 9th, 1943:

> "Thereupon a motion was made by Mr. Selznick, and seconded by Miss Pickford, that the following resolution be adopted:
>
> "RESOLVED, that the management of United Artists Corporation be and is hereby authorized to purchase the stock of Alexander Korda and Alexander Korda Films, Ltd. for any amount for which it can be purchased, up to but not exceeding the sum of £165,000.
>
> "The Chairman suggested that Mr. Silberberg, being the proxy for Mr. Korda and the Korda company, is not eligible to vote because he represents an interested shareholder. The Chairman thereupon stated the question upon the adoption of the motion made by Mr. Selznick and the Pickford Corporation and Vanguard Films, Inc. voted Aye and Charles Chaplin voted No.
>
> "The Chairman thereupon stated that he would obtain advice from independent counsel in Delaware as to whether or not the motion has been validly carried. Mr. Raftery further stated that in his opinion the majority of those eligible to vote can determine the question of the purchase of stock but that he would take advice from independent counsel as to whether or not his opinion is correct.
>
> "The Chairman then inquired as to whether there was any further discussion in connection with the Korda stock situation and Mr. Selznick asked Miss Pickford and Mr. Chaplin whether they were personally interested as individuals in joining with him in the acquisition of the Korda stock for the price stated. Mr. Chaplin said that he would have nothing to say except that a discussion at this time was premature. Miss Pickford stated that in the event the corporation is

not in a legal position to buy the stock then she would like to share it with Mr. Selznick and further stated that in the event she and Mr. Selznick should buy the stock and Mr. Chaplin should decide later that he wishes to acquire one-third of it, he might do so, within a reasonable time. Mr. Selznick asked what she considered a reasonable time and Miss Pickford said she would consider a year as reasonable. Mr. Selznick stated that he could not agree with that suggestion."

Mr. Raftery then reported to the meeting that he referred the question raised in the minutes above set forth to the law firm of Richards, Layton and Finger, for decision; that he received an opinion from Mr. Caleb Layton of that firm who stated in effect that he had examined the charter of the corporation, the By-Laws, the amended By-Laws and amendments to the charter, the Corporation Law of the State of Delaware and decisions construing the Corporation Law, and it was his firm opinion that the motion had been duly carried in accordance with the law; however, the opinion further stated that it was not within the province of the stockholders to authorize the purchase of shares outstanding; that the Delaware laws specifically provided that the directors of a Delaware corporation was the body that must authorize the purchase of outstanding shares, and that any resolution such as the resolution above referred to, was not mandatory on the directors in any respect, but was a mere expression of the wish of the stockholders; that upon receiving such opinion as Chairman of the meeting he declared the motion carried; that on the assumption that either

Mr. Selznick or Vanguard Films, Inc. did have the option referred to in the minutes, that he and Mr. George Bagnall then proceeded to Mr. Korda's office on the Metro lot in Culver City, to discuss with him the possibility of the corporation acquiring the shares owned by Mr. Korda, and were advised by him that the Selznick option had lapsed and that the stock was no longer available at the price of $660,000.00 or £165,000. That he was a very unwilling seller but he would entertain a proposition to sell his stock at the present book value of the stock, provided, however, the book value were adjusted to give the so-called Odeon shares their real value rather than the value carried on the books, which is the price paid by United Artists British subsidiary for the Odeon shares. Mr. Korda further stated that the option lapsed while he was on his way from England to New York and upon his arrival in New York he had conferred with Mr. Vogel of Loew's, Inc., and other persons at Loew's, and had been advised that that company would pay approximately $1,000,000.00 film rental to United Artists for "STAGE DOOR CANTEEN". He also had been advised of the exceptional success of "LADY OF BURLESQUE" and the other photoplays in distribution, and that he felt that if he were to wait his stock would be enhanced greatly in value by the increased earnings of United Artists. Therefore, that he was unwilling to either extend the option to Mr. David O. Selznick, or to entertain a proposition from the corporation at the figure suggested.

Mr. Raftery further reported on other telephone conferences with Mr. Korda held about ten days ago, wherein Mr. Korda reiterated that he was interested in book value as he understood it, and felt that his shares were worth approximately $1,000,000.00, but he was in no hurry to sell and had no proposition to make.

Mr. Kelly stated that he had had some informal talks with Mr. Korda and he stated that he would not sell his shares for less than $1,000,000.00 in cash. He finally did say that if a quick sale could be consummated, he might consider $900,000.00, but it would all have to be in cash.

Neither Mr. Raftery nor Mr. Kelly was able to consummate any deal or secure any firm commitment from Mr. Korda.

All directors present wished the record to disclose that Mr. Korda had not formally offered to sell the stock to the corporation in the manner prescribed by the By-Laws, at any time since Mr. Korda made the so-called settlement agreement of November 19th, 1942. In view of the fact that Mr. Korda has made no firm offer of any kind to any member of the management at any time during the past sixty days, it was the unanimous opinion of all the directors present that the matter be not pursued further at this time.

Mr. Kelly presented to the meeting the draft of the 1942 Price, Waterhouse & Co. consolidated audit. Each of

the directors had not had an opportunity to study the draft in detail, but certain preliminary suggestions were made and it was resolved as follows:

1. RESOLVED, that the reference to Mr. Charles Chaplin's claim for sliding scale rebates for 1941 and 1942 in the preliminary statement be amended so that the 1942 and 1941 statements should conform.

2. RESOLVED, that the proper officers of the corporation furnish Price, Waterhouse & Co. with the so-called Korda November 19th, 1942, settlement agreement, and that the item of $406,000.00 carried in the Asset column of the balance sheet as a receivable from Korda be eliminated from the balance sheet as a receivable, and that the agreement of January, 1942, in connection with future delivery by Mr. Korda of British made pictures be carried as a footnote only in the audit.

Both of the above resolutions were unanimously carried.

It was then moved and seconded and carried, Mr. Sears not voting because of his lack of knowledge of the situation, as follows:

RESOLVED, that the reserve set up in the 1940 and 1941 audits for Sweden, Chile and Colombia in the amount of $236,918.49 as contingent reserves to take care of possible losses due to war conditions, be taken from reserves and the entries reversed in the 1942 audit as it was now evident that the reserves were no longer required.

It was moved, seconded and unanimously carried as follows:

RESOLVED, that the proper officers set up and charge against the operation for the year 1942 the sum of $70,000.00 as the operating loss of the Spanish unit during the period of the war during which the office was unable to function.

It was explained to the meeting that this unit had been kept intact during these trying times and was now ready to function by acquiring local product for distribution, and that if the unit had not been kept intact United Artists would not have been able to secure the right of reentry, and as a result of this situation the unit will be in a position to resume service as soon as the monetary exchange between Spain and the United States becomes free, and kontingents eliminated.

Mr. Bagnall presented to the meeting a notice from Commonwealth Pictures that it was exercising the option to take up the 16 mm. rights which it had acquired in a contract with the Wanger Company prior to the purchase of the Wanger Company by United Artists Corporation. Mr. Kelly stated that this deal was made in New York by Mr. Harry Kosner and the matter was referred to him with the direction to try to effect a compromise with this company as, in the opinion of those present, it was a very bad deal for the Wanger Company.

Mr. Raftery stated that he had been approached by Mr. Mack Weinberg, with a view to making a reissue deal on the Wanger pictures. Mr. Raftery was instructed to notify Mr. Weinberg that the company was not interested in a reissue deal on these photoplays.

There then followed a long discussion of the fiscal affairs of the United Artists Productions. It was the consensus of opinion of all present that Price, Waterhouse & Co.

should be engaged forthwith, together with counsel for the company and additional tax counsel if necessary, in order to determine the best method for keeping the books of the company in the future and for such other advice as counsel may deem necessary.

The directors then proceeded to a discussion of the product situation. Mr. Bagnall presented to the meeting a schedule of the definite product for future release and it was ordered spread upon the minutes of the meeting.

1. Harry Sherman Productions. After discussion, Mr. Sears was directed to call upon Mr. Sherman and report back to the meeting.

2. Lester Cowan Productions. Mr. Cowan has been in negotiation with the company for many months, and he has finally presented the following proposition:

Two (2) photoplays, (subject to the deal being for one photoplay as hereinafter set forth.) Picture No. 1 to be "THE BIG SHOW", a picture based partly on Mr. Ernie Piles' book, "THE BIG SHOW", and made in cooperation with General McNair and the Infantry Paratroopers and Tank Corps.

Picture No. 2 to be a photoplay based upon the stage play, "TOMORROW THE WORLD," the first photoplay to be delivered approximately April 1st, 1944, and the second photoplay, if it can be financed, to be delivered not earlier than

August 1st, 1944, and not later than December 1st, 1944. Mr. Cowan to notify the corporation on or before January 1st, 1944, which photoplay will be No. 1. Mr. Cowan has full financing for photoplay No. 1, which will cost in excess of $600,000.00. If the residual value of photoplay No. 1 is not sufficient to finance photoplay No. 2, or if Mr. Cowan cannot secure financing for photoplay No. 2, and the United Artists Corporation is not willing to contribute any financing or secure financing for photoplay No. 2, then Mr. Cowan shall be released forthwith from the obligation of doing photoplay No. 2.

The terms to be 27-1/2% for the United States, Canada and Great Britain, standard terms for the rest of the world; United Artists to subordinate 2-1/2% of the 27-1/2% for financing program. If photoplay No. 2 is made it likewise shall cost in excess of $600,000.00.

It was further directed to be spread upon the record that Mr. Cowan's last picture "COMMANDOS STRIKE AT DAWN" had done $1,600,000.00 gross in the United States, and as of the last Columbia settlement statement it had done $120,000.00 in the Dominion of Canada.

It was moved, seconded and unanimously carried as follows:

> RESOLVED, that the proper officers of the company enter into an agreement with Lester Cowan, said agreement to contain all of the ingredients above referred to.

3. The Sixty Minute Feature Deal. Mr. Sears requested an expression from the Board as to policy in connection with continued distribution of minor product which does not conflict in any way with the larger pictures, Mr. Sears pointing out that the Hal Roach streamliners and the Harry Sherman western product had provided the Company with a continuous flow of revenue in addition to supplying sales organization with a sufficient amount of product numerically to keep the field organization busy at a time when major releases were scarce.

The other directors concurred unanimously with Mr. Sears' thoughts in this respect and further advised Mr. Sears to pursue any propositions for the continuance of this type of product, whereupon, Mr. Sears reported that he had been in conference with a syndicate represented by Mr. Edward Peskay and two other important figures in the motion picture business who preferred to remain anonymous at the moment. This syndicate was about to undertake the production of a series of sixty-minute features that would cost an average of $110,000 per feature--that there were six features contemplated for each year for a period of three years, or a total of eighteen short features.

A canvass had been made of the major circuits and the independent circuits who were anxious to see United Artists continue this type of product on its program, which is especially adaptable in the double feature market.

The producer of the first series would be Mr. Fred Guiol who had served in a similar capacity with Mr. Hal Roach. The entire project was entirely financed. The other directors expressed interest and enthusiasm for this proposal and, since it involved a term contract, the Chair advised Mr. Sears he would solicit the stockholders for their approval and, obtaining a favorable reaction, would instruct Mr. Sears to conclude the deal on no lesser terms than the twenty-seven and one-half per cent (27½%) so-called standard terms.

Sears' Report Harry Sherman Product. A canvass of the sales managers and district managers unanimously disclosed that the Hopalong Cassidy Westerns and the Harry Sherman Western Specials were a valuable adjunct to the United Artists program, had proved to be a sales asset enabling the Company to sell its pictures to theaters in towns where United Artists had never sold pictures in the past, and that, except for first run theaters in larger towns, there was no sales resistance whatsoever in any section of the country. Surprisingly enough, this was also true in Canada and New England.

After hearing the results of the poll of the field organization, the Chair instructed Mr. Sears to communicate with Harry Sherman and ascertain what deal, if any, could be made for the future, and report back to the meeting.

4. Robert Hakim. Mr. Sears presented to the meeting

a finished script of a proposed motion picture entitled "HOLD AUTUMN IN YOUR HAND," which was based upon a novel of the same name, a national book award novel of 1942 written by George Sessions Perry, and the photoplay written by Hugo Bailey.

Mr. Hakim has recently been under contract to Metro-Goldeyn-Mayer and produced the photoplay entitled "GASLIGHT" for that company; that he also had been active in continental productions; that he represents that the photoplay is fully financed and that he has been promised by one of the top officials of Metro a top flight director to do the photoplay; that the script had been submitted to Vanguard Films, Inc., and that one of the editors of that studio had written a very glowing report of the quality of the property. Mr. Sears had spoken to Mr. O'Shea of Vanguard, who confirmed this opinion and stated that Mr. Selznick's attention would be divided at this time and it was for that reason they could not show any interest. Mr. Sears stated that he wished each of the directors to read the script for their respective opinions on the same; that a release was desired through United Artists for this one picture on the 27-1/2% base terms.

It was the unanimous opinion of all present that the picture was most desirable and the matter was referred to Mr. Bagnall to check the financing and the director.

5. Sol Lesser Productions. Mr. Sears reported that he had been in negotiation with Mr. Sol Lesser on a two picture deal on the so-called 25% standard terms, being the terms Mr. Lesser enjoyed under his so-called "STRANGE VICTORY" contract. In view of Mr. Lesser's great contribution to United Artists Corporation through the medium of "STAGE DOOR CANTEEN", which at the present time gives evidence of being

the largest grosser the company has ever had in its existence, it was the unanimous opinion of all present that a deal should be made with Mr. Lesser on the two pictures on the terms indicated, and that the proper officers of the company should be authorized to make such a deal. However, in view of the attitude expressed at the stockholders' meeting that the terms should be increased to 27-1/2%, the directors were ordered to canvass the stockholders and get their approval to this deal; and that upon such approval the proper officers should enter into the necessary agreement with Mr. Lesser.

Mr. Sears reported to the meeting that the last film estimates made by the domestic estimating department indicated that "CANTEEN" would do a minimum of $4,000,000.00 domestically. Mr. Kelly stated that the picture had opened in England first-run at the Odeon Leicester Square, to the largest business any photoplay had done since the war; that at this time he was unable to furnish any firm estimate due to the lack of playoff, but if the English opening were any criterion he has the same enthusiasm as Mr. Sears has in the domestic field.

6. Sam Bronston Productions. Mr. Sears asked the Board as to whether it should consider giving a contract for additional pictures to Mr. Bronston. It was reported to the Board that Mr. Bronston was fully financed for his future program up to a possible fifteen (15) additional

pictures. It was further stated by Mr. Sears that Mr. Bronston has not asked for an extension of his agreement, but in his opinion here was a producer who has the full financial backing and the enthusiasm to go forward, and that there is an opportunity here for the corporation to secure a firm deal for a period of years, that would guarantee the company a steady supply of feature product.

It was the consensus of opinion that Messrs. Kelly and Sears and the other directors should see the picture entitled "JACK LONDON", as soon as it is in shape for exhibition, and as soon as Mr. Bronston discloses to the company his intentions and desires, and that then the future dealings of the company with Mr. Bronston should be crystallized by the directors and submitted to the owners.

7. Boris Morros. Mr. Bagnall reported that following the meeting of August 9th, 1943, he had contacted Mr. Boris Morros and had in effect arrived at a preliminary deal for a minimum of three pictures to be produced within ~~eighteen~~ twenty-four months, with an option to United Artists for three more to be produced during the next ~~eighteen~~ twenty-four months, on the so-called 27-1/2% standard terms; that he had submitted this amendment to the deal proposed, at the meeting of August 9th, 1943, and that it was in general acceptable to the owners.

He stated that Mr. Morros has been very busy in the production of a legitimate musical play, and that as soon as he completes his plans for the first three pictures he will resume negotiations with Mr. Bagnall with a view of consummating the deal.

8. Casey Robinson. Mr. Bagnall reported that he has been in negotiation with Mr. Casey Robinson for a two picture deal, the first picture to be based upon a Ferenc Molnor play, the feature players to be Toumanova, and Gregory Peck, and the second picture to be based upon the play "MRS. MOONLIGHT" by Ben Levy, each picture to cost approximately $850,000.00, and each picture to be produced, written and directed by Mr. Casey Robinson; the terms to be the 27-1/2% standard terms.

It was the unanimous opinion of the meeting that if this deal can be made it should be concluded forthwith.

9. Loew-Lyons. Mr. Raftery reported that he was having some contract difficulties with Mr. Louis Swarts which he hoped to iron out this week, and that if Mr. Swarts insisted upon the demands he was making it was the unanimous opinion of the meeting that the deal should be called off.

10. Angelus Productions. "Moon of Mistress." Mr. Bagnall reported that Mr. Nebenzahl had been having casting difficulties and it was the consensus of opinion that the company should stand "pat" on Mr. George Sanders for the leading male role; that he had secured Miss Linda Darnell for the leading female role, who was acceptable if he could secure Mr. Sanders.

11. Menter Ripley Productions, Inc. This company has completed a photoplay entitled "THE VOICE OF THE WIND" which has been seen by Mr. Bagnall, Mr. Sears and Mr. Lesserman, all of whom express great enthusiasm that a deal has been consummated to take in the distribution of this photoplay worldwide on the following terms:

United States, Canada and England, (as a group), thirty (30%) per cent up to $600,000.00; forty (40%) per cent from $600,000.00 to $1,000,000.00, and fifty (50%) per cent in excess of $1,000,000.00, and the remainder of the world on standard terms.

Upon motion duly made, seconded and unanimously carried, it was,

> RESOLVED, that the acts of the officers in concluding this arrangement be, and the same are hereby ratified, and Messrs. Wright and Millikan, West Coast counsel for the company are hereby directed to prepare the necessary distribution agreement.

12. United Players Productions, Inc.

Mr. Eugene Frenke producer. Mr. Sears presented a letter addressed by Mr. Frenke to Mr. Bagnall, copy of which had been sent to Mr. Sears, in which Mr. Frenke represented that he contemplated the following productions: "MILLIE'S DAUGHTER," a musical; "THE WALKING GENTLEMAN," a mystery play; and "VARIETY", a circus drama based upon the famous UFA silent production.

The documents were ordered attached to the minutes of the meeting.

Mr. Kelly was directed to investigate this situation, and Mr. Bagnall was directed to check the remaining ingredients and report back to a later meeting.

13. Plastic Cartoons, Inc. Mr. Bagnall presented to the meeting a proposal from Plastic Cartoons, Inc. The producer for this company has been associated with the Disney Company for many years, Mr. Larry Morey; that Mr. Morey wrote the lyrics for practically all of the important

Disney musicals such as SNOW WHITE and the BAMBI scores and many others, and had had an executive producing position in the Disney organization. This company has developed a new process and technique in cartoon production and is fully financed for the making of one cartoon.

Mr. Bagnall was instructed to secure an option for the release of this cartoon on the following terms:

Thirty-five (35%) per cent for the United States, Canada and England, and fifty (50%) per cent for the rest of the world, and an additional option for a series of twelve more cartoons of the same series, the cartoons to be in technicolor and the running time of each cartoon to be approximately seven (7) minutes, and each cartoon to cost approximately $25,000.00.

There was a discussion of the problems arising out of the same producer's representative representing more than one producer. This method of representation is directly contrary to the United Artists basic sales policy. It is also contrary to one of the primary reasons for the formation of United Artists--that is, independent production with individual selling on merit.

Again, there is the situation where the same producer's representative represents another producer with a competitive distribution facility, thus, in effect, resulting in interchange

of confidential information with competitors; that United Artists had always, from its inception, zealously guarded the terms of its contracts and did not interchange its information with any competitor or in any way collaborate with any other competitor in the distribution of its product; that United Artists had at all times been the haven of the independent producer and that at all times until recently no producer's representative ever had represented more than one producer.

It was the unanimous opinion of all present that this was an evil that must be corrected, and all future contracts must contain a provision that producer representatives in any territory shall not represent more than one producer.

14. Cagney Productions. Mr. William Cagney has advised the United Artists Corporation that the second production of his company will be based upon a story entitled "PORT ROYAL", starring Mr. James Cagney and to be produced by Mr. William Cagney, and he has served notice on the Treasurer officially of this fact and has requested that United Artists Corporation make the $30,000.00 preparation advance required to be made on the commencement of preparation of each picture. This advance comes back to United Artists immediately after the bank loan is repaid. The Treasurer was instructed by the meeting to make the advance with the proper accompanying letter.

15. Hunt Stromberg Productions. Counsel for the company was instructed to notify the auditors for the Stromberg company to make the necessary entries in the Stromberg books to take care of our twenty-five (25%) per cent profit interest in picture No. 1, if it has not been done already.

Mr. Raftery reported that Mr. Stromberg had agreed with him and Mr. Bagnall that in Great Britain the terms should be twenty-five (25%) per cent up to 90,000 pounds, and ten per cent (10%) over. Counsel was directed to prepare the necessary written amendment and submit it to Mr. Stromberg.

16. United Artists Theatre, San Francisco.

Mr. Raftery reported that Feature Theatres, Inc., the company which owned the leasehold of the United Artists Theatre in San Francisco, and in which United Artists owned a fifty (50%) per cent interest, had now been officially dissolved and that there had been executed on behalf of United Artists Corporation the following documents:

(a) The partnership agreement with Messrs. Blumenthal and McInerny;

(b) The amended franchise between United Artists Corporation and the partnership.

Mr. Raftery further stated that the entire indebtedness owed on the purchase of this property had been paid to Mr. Herman Cohen and his associates; that the theatre was now being operated very profitably and in all probability the net earnings for the year would exceed the sum of $75,000.00.

The acts of the officers in executing the various agreements necessary to accomplish the facts above set forth were unanimously ratified and approved.

Mr. Kelly thereupon reported that Twentieth Century-Fox Film Corporation had acquired a new building in South Africa; that United Artists Corporation had rented quarters in the new building at approximately 100 pounds per month,

for a period of five (5) years; and that the rental included the right to use the projection room.

The acts of the officers in consummating the deal were unanimously ratified and approved.

It was reported to the meeting by Mr. Kelly that Mr. Stromberg and Mr. Lee Shubert had been negotiating a proposed deal for the joint production of a motion picture based upon the stage musical play "BLOSSOM TIME"; that the preliminary negotiations had been commenced and had been referred by Mr. Stromberg to his counsel, Messrs. White and Case.

The question was raised as to the manner and method of protecting the United Artists situation in the event of a joint production. The matter was referred to Mr. Raftery for conference with Mr. Stromberg and Messrs. White and Case.

Mr. Kelly reported that he had concluded an arrangement through Mr. Lacy Kastner to take on for distribution in South America a French photoplay entitled "UN FEMME DISPARAIT"; that this was the first French picture that had been made since the war and the cast consisted of the best French actors; that the picture was well directed and that this type of picture is very popular in South America, and that the terms of distribution were fifty-fifty with the possibility of securing an option on the

picture for Canada in the French quarters, on a basis of either forty (40%) per cent or forty-five (45%) per cent distribution.

Mr. Kelly reported that on Monday, September 27th, 1943, he had received a telephone call from Mr. Theodore Carr. Mr. Carr stated that it was highly desirable for Mr. Kelly to proceed to London if it was the consensus of opinion that the company should try to bring around close association with Mr. Arthur Rank from a production standpoint. He claimed the following:

That Mr. Murray Silverstone, of Twentieth Century-Fox Film Corporation, Mr. Hicks of Paramount, and Mr. Alexander Korda had all been trying to negotiate a production deal with Mr. Rank to secure his output, as their quota pictures in Great Britain and to distribute throughout the world the greater portion of his pictures that were to be made. Carr claims that Mr. Rank did not want to do business with these other companies in view of his close association with United Artists through the Odeon Companies, and that he, Rank, felt that he had much to offer to the United Artists Corporation. Mr. Rank, through Teddy Carr, sometime ago had proposed an association based upon United Artists Corporation agreeing to distribute three pictures in Great Britain and the rest of the world, and three pictures excluding Great Britain, and

to be distributed by United Artists in the rest of the world on the basis of United Artists putting up fifty (50%) per cent of the negative cost against the Western Hemisphere gross. This proposal was rejected by Mr. Kelly before taking it up with the owners.

It was then that Mr. Carr became insistent that Mr. Kelly go over to England to find a basis on which we could become associated with Mr. Rank. Mr. Carr stated in his telephone conversation that if we could not reach an agreement with Mr. Rank or did not desire an agreement with Rank, that he, Rank, had made up his mind that he would put in a system of exchanges throughout the world, as he was firmly determined that he was going to have a definite home for British pictures throughout the world. Mr. Carr further stated that if Arthur Rank goes through with his plans that Mr. Rank desired to engage Mr. Carr to head his entire operations, and Carr said that he would naturally have to give it consideration because it was a very outstanding offer, but that he preferred for United Artists to try to get together with Rank not only to take care of our quota pictures to replace the volume that we have lost in running the Ealing Studios, but also as a benefit to us in the theatre development throughout the world.

The Chairman asked Mr. Kelly what sort of a deal he would recommend be made with Mr. Rank, and Mr. Kelly stated that if the owners of the company are not willing to finance any portion of the negative cost, then the only deal that could be possible would be to make a six picture deal per year, three pictures to be distributed by us worldwide on terms to be negotiated, ~~and three pi~~ctures to be distributed by United Artists worldwide with the exception of Great Britain. The reason for the exception is that Mr. Rank is interested in the General Film Distributing Company in Great Britain and he has to feed that organization pictures.

The Chairman then asked Mr. Sears how many British pictures per annum he could absorb in the United States market and Mr. Sears stated that he could absorb four to six maximum pictures that were quality pictures.

Mr. Kelly then reported that our quota requirements are taken care of only to April 1st, 1944, and that after that date we have no quota arr angements of any kind or character; that it might be possible to satisfy the quota by making a quickie for 10,000 pounds, which the British government had long since reprimanded the industry for, in trying to evade the intent of the Cinematograph Films Act, and for that reason alone the Rank deal was the desirable deal.

Mr. Kelly stated as regarding Mr. Arthur Rank, whom none of the New York officers have ever met, that he has been responsible for the successful healthy culmination of the affairs of the Cinema Holding Co; that it must be remembered that one year ago that company was in a very bad state and that it could have been put into bankruptcy, and that in all probability United Artists would have lost its position that it now enjoys; that through Mr. Rank's wealth, integrity and position, he has been able to successfully defer the Odeon Cinema creditors' claims or receivership accounts on the promise that in due course he would be able to make the necessary payments of principal and interest on the various loans.

Mr. Rank, through his ability, has brought the Odeon Theatres, Limited, to a very remarkable earnings project circuit. Prior to the war the company's net profits never exceeded 600,000 pounds and that from last year's operation the company earned 1,400,000 pounds. That unfortunately, the company being a new company, did not have a very satisfactory tax base, and hence the company paid 1,100,000 pounds in taxes and excess profits to the British government; that through Rank's administration the Odeon Theatres Company's ordinary shares, which were selling much lower than the par value of five shillings during the Deutsch administration, now are selling at twenty shillings, or

one pound per share, and that hence the 8,000,00 shares of the Odeon Theatres, Limited, owned by the Odeon Cinema Holdings is worth 2,000,000 pounds, or $8,000,000.00, of which we own fifty per cent (50%);in addition, that his operation has made our directly owned shares which we could sell on the market if sold, worth 180,000 pounds. In the settlement that we made with Mr. Rank pertaining to the Odeon Cinema affairs, he made certain oral commitments, one of which was to give United Artists Corporation a second director on the Odeon Theatres, Limited Board.

He stated that Mr. Arthur Rank has fulfilled every one of his oral obligations, and that therefore Mr. Kelly feels that an association with him should be highly desirable.

At this point it was determined that the meeting should adjourn until Thursday, September 30th, 1943, at the hour of 10:30 o'clock A. M., at 1040 North Las Palmas Avenue, Los Angeles, California.

Edward C. Raftery
Chairman.

Acting Secretary.

Minutes Approved
Edward C. Raftery

## DEFINITE PRODUCT FOR FUTURE RELEASE

| | | | |
|---|---|---|---|
| 1. | BRONSTON | "JACK LONDON" | Will be delivered in 4 weeks |
| 2. | JULES LEVY | "HAIRY APE" | With Bendix - Start January Deliver - April |
| 3. | BOGEAUS | "BRIDGE OF SAN LUIS REY" | In production - Deliver December |
| 4. | PRESSBURGER | "TOMORROW NEVER COMES" | Start October - Deliver January |
| 5. | CHARLES ROGERS | "MIDDLE OF THE ROAD" | Start December - Deliver April |
| 6. | DAVID SELZNICK | "SINCE YOU WENT AWAY" | In production |
| 7. | HUNT STROMBERG | "DISHONORED LADY" | Will start in January |
| 8. | HARRY SHERMAN | "THE GUNMASTER" | Ready for delivery |
| 9. | ANDREW STONE | "MUSICAL" | Will start in December |
| 10. | PRODUCERS CORP. OF AMERICA - SIG SCHLAGER & HARRY JOE BROWN | "KNICKERBOCKER HOLIDAY" | Will be delivered early part of January |
| 11. | RABINOVITCH | "THE RUSSIAN GIRL" | Will be ready for delivery in 4 weeks. |
| 12. | MONTER-RIPLEY | "THE VOICE IN THE WIND" | Will be ready for delivery in 4 weeks |

September 28, 1943

WAIVER OF NOTICE OF MEETING OF
THE BOARD OF DIRECTORS OF
UNITED ARTISTS CORPORATION

WE, the undersigned, being a majority of the Directors of UNITED ARTISTS CORPORATION, do hereby waive notice of a special meeting of the Board, to be held on Friday, October 22nd, 1943 at 2:30 p. m. at the office of the corporation, 729 Seventh Avenue, Manhattan, New York City (19), and do hereby consent to the holding of said meeting and the transaction of any and all business which may come before said meeting, and we do hereby approve and adopt the minutes of said meeting and all action taken thereat.

Dated, October 22nd, 1943.

Edward C. Raftery

Edward C. Raftery,

Arthur W. Kelly

Cradwell L. Sears

MINUTES OF SPECIAL MEETING OF THE BOARD

OF DIRECTORS OF UNITED ARTISTS CORPORATION

October 22nd, 1943.

Special Meeting of the Board of Directors of United Artists Corporation was held at the office of the corporation at 729 Seventh Avenue, Manhattan, New York City, on the 22nd day of October, 1943 at 2:30 p. m. pursuant to call as provided by the By-laws and pursuant to the foregoing waiver and consent.

There were present:

Messrs. Edward C. Raftery
Gradwell L. Sears
Arthur W. Kelly

constituting a quorum of the Board of Directors.

Mr. Edward C. Raftery presided at the meeting and Mr. Arthur W. Kelly acted as Secretary.

Mr. Kelly called the meeting to order and stated the purpose of the meeting was to ratify the actions of the officers in authorizing the borrowing from the National City Bank of New York the sum of 400,000 Chilean Pesos for its subsidiary, U. A. South American Corporation, in the City of Santiago, Chile.

Upon motion duly made, seconded and unanimously carried, it was

RESOLVED, that the actions of the officers of this corporation in authorizing the borrowing of FOUR HUNDRED THOUSAND (400,000) Chilean Pesos from the National City Bank of New York by its subsidiary corporation, U. A. South American Corporation, in the City of Santiago, Chile and the execution by the Delaware Corporation of the continuing guarantee in the amount of Four Hundred Thousand (400,000) Chilean Pesos be and the same are hereby ratified, confirmed and approved.

There being no further business, the meeting adjourned.

Arthur W. Kelly, Secretary of Meeting

MINUTES APPROVED:

Edward C. Raftery

Arthur W. Kelly

Gradwell L. Sears

WAIVER OF NOTICE OF MEETING OF THE BOARD OF DIRECTORS

OF UNITED ARTISTS CORPORATION

We the undersigned being all of the Directors of United Artists Corporation do hereby waive notice of a Special Meeting of the Board to be held on Tuesday, October 26, 1943 at 2:30 p.m. at the office of the Corporation, 729 Seventh Avenue, Manhattan, New York City (19), and do hereby consent to the holding of said meeting and the transaction of any and all business which may come before said meeting, and we do hereby approve and adopt the minutes of said meeting and all action taken thereat.

Edward C. Raftery

Gradwell L. Sears

George L. Bagnall

Arthur W. Kelly

MINUTES OF BOARD MEETING

Pursuant to waiver of notice, duly signed by all Directors, a special meeting of the Board of Directors of United Artists Corporation was held at the offices of the company, 729 Seventh Avenue, New York at 2:30 p.m. October 26, 1943.

There were present -

Messrs. Edward C. Raftery
Gradwell L. Sears
George L. Bagnall
Arthur W. Kelly

The meeting was called to order and Mr. Raftery acted as Chairman and Mr. Kelly as Secretary of the meeting.

Mr. Raftery explained that on a casual meeting with Mr. Mendel Silberberg, Mr. Silberberg offered the Sir Alexander Korda shares of United Artists for $1,000,000. Mr. Raftery stated he told Mr. Silberberg he did not think the company would be interested at such a figure but he would be perfectly willing to submit to the company a reasonable price.

This resulted in an exchange of cables between Sir Alexander Korda and Mendel Silberberg which were made available to Mr. Raftery. The last price given was $950,000, payable in England, plus $50,000, being one-third of the declared but unpaid dividend. Sir Alexander Korda also wanted a full release from the company.

Mr. Raftery stated, if the Corporation was at all interested, it would not pay the declared but unpaid dividend, and it would want the British Treasury's consent in writing, and a full release from Sir Alexander Korda and his companies. It was -

RESOLVED that the following telegram be sent to Loyd Wright, Secretary of the company to present to the stockholders at their meeting in Los Angeles on October 28, 1943:

"Messrs. Raftery, Sears, Kelly and Bagnall, the Directors of United Artists Corporation unanimously passed the following Resolution today:

"'WHEREAS the corporation, since its formation, has issued its common stock without any cash consideration or for a nominal cash consideration, without regard for the value of the common stock, and

Oct. 26/43



"WHEREAS, after the issuance of same stock to some of its Stockholders of record it has been the policy of the corporation to buy said common stock from some of its said stockholders of record, for prices ranging from $200,000 to $650,000, and in particular, as follows:

| | | |
|---|---|---|
| GLORIA SWANSON FARMER | $200,000 | (9/ 1/32) |
| D. W. GRIFFITH | 202,000 | (4/19/33) |
| ART CINEMA CORPORATION | 650,000 | (7/1./35) |
| JOSEPH M. SCHENCK | 550,000 | (7/ 1/35) |
| SAMUEL GOLDWYN, INC. | 300,000 | (3/11/41) |
| BANK OF AMERICA, N.T.& S.A. as Executor of the last will and testament of DOUGLAS FAIRBANKS, deceased | 400,000 | (6/24/41) |

thus depleting the treasury of vast sums of cash in each instance and reducing the asset value of said corporation and the working capital of said corporation, and

"WHEREAS, it is believed that it is not to the best interests of the Corporation to have 25% of its outstanding capital stock owned by Alexander Korda, who is domiciled out of the United States and a full time employee of Loew's, Inc., a competitor of the corporation: and

"WHEREAS, Section 19 of the Delaware law vests in the Directors of the Corporation the sole power to purchase outstanding capital shares of the Corporation, subject to the limitation that such purchase shall be made only out of surplus of the corporation and in like manner the Directors are charged with any liability which may result from any acts of purchase; and

"WHEREAS, the By-Laws of the corporation, particularly Articles 10,11 and 12 restricts the Directors from taking steps to replace or replenish the depleted surplus, depleted by any amount paid for outstanding shares, which surplus has already been depleted as aforesaid without replacement to the extent of $2,302,000; and,

"Be it RESOLVED as follows:

"That while the Directors believe it would be to the best interests of the corporation if the Alexander Korda stock were acquired either by the corporation or by the three remaining stockholders, the Directors do not recommend the purchase by the corporation of the Alexander Korda shares because any such purchase would not benefit the corporation in any respect, because it is the opinion of the Directors that as long as the unanimous rule or power of veto remains in the By-Laws that payment by the Corporation of money for any such shares will merely deplete the surplus and working capital without providing adequate means of recoupment." Please deliver copies of this Resolution to each of the shareholders prior to the meeting. Regards. (Signed) Edward C. Raftery

The meeting was adjourned until Wednesday, October 27th at 11:00 a.m.

The meeting was called to order with all Directors present.

Mr. Kelly read a letter from Mr. Theodore Carr dated September 28, 1943, re Odeon Theatres Limited in connection with the increased business over the Odeon Circuit; Also citing the new theatres acquired by the Odeon Circuit.

Mr. Carr stated that the Circuit, for the 52 weeks ending June 26, 1943, made a trading profit of £1,890,798, compared with £1,534,775 for last year, but the Income Tax and Excess Profits Tax had reduced their net income considerably as such taxes amounted to £1,404,243. A dividend was declared on Common Shares of 15%, amounting to £71,000.

Mr. Kelly was ordered to furnish each Director with a copy of this letter and to file a copy with the Secretary, Mr. Loyd Wright in Los Angeles, so same could be made available to the stockholders of the Corporation for their perusal.

Mr. Raftery stated that there has been brought to the attention of the Corporation two English-made pictures, namely, "THE SILVER FLEET" and "THE TORPEDO". Both pictures were released in Great Britain by General Film Distributing Corporation. These pictures are available for release in the Western Hemisphere and each picture carries triple quota for Great Britain.

The owners of the Western Hemisphere rights desire distribution at 30% in United States and Canada and standard terms for South America, plus a guarantee of $100,000 per picture for the Western Hemisphere, but would convey to United Artists the triple quotas, to be used in Great Britain.

Upon motion being duly made and seconded, and unanimously adopted, it was -

RESOLVED, that a distribution contract was not warranted in the case of these pictures.

Mr. Raftery read to the Board a telegram from Miss Pickford in which she asked that United Artists file a withdrawal of her bid for the photoplay rights to "LIFE WITH FATHER".

Mr. Kelly stated that as far as he knew, no official of the company ever filed a bid for the property for and on behalf of Miss Pickford, but nevertheless Mr. Raftery was authorized to serve notice upon the Authors League of America of the withdrawal of the bid or bids.

Mr. Bagnall presented the following production deals:

1) Mr. Tim Durant, in association with William Rowland and Mr. Wilder, for a distribution contract for three (3) 60-minute features; all to be musicals, with an option on the part of the Corporation for an additional six (6).

The following observations were made and incorporated in a telegram to Mr. Loyd Wright in Los Angeles;

"The Chair stated he had received a wire from Charles Chaplin and one from Mary Pickford recommending that a deal be given Tim Durant in conjunction with Wilder and Rowland for the release of three musical short features that would cost approximately $110,000. The Chair asked Mr. Bagnall to read the proposal signed by Tim Durant, which was read to the meeting.

"The Chair pointed out that under the restrictions covered in the By-Laws, and in the minutes of the May and August, 1943, meetings of the stockholders, that this Board has no power to take on a series of pictures of this character, that it was a matter that would have to be referred back to the stockholders for action. The Chair then moved that the Board recommend to the stockholders a deal be entered into with Tim Durant, Wilder and Rowland for the release of three short musical features, of a quality and description read to the meeting by Mr. Bagnall, with an option on the part of United Artists to take on six more musical features with full approvals as to the additional six, with the further understanding that Mr. Bagnall was to supervise budgets and expenditures and all other approvals. Terms to be not less than the terms contained in the short feature contract made with Alperson-Skouras-Peskay group. Mr. Kelly seconded the motion. Messrs. Raftery and Kelly voted in favor of the motion, Messrs. Sears and Bagnall voted against it. The Chair declared the motion lost because of the tie. Mr. Sears then asked to state the reasons for his vote, which are as follows:

"On the motion of the chair to give a releasing contract for three short features with an option of six more to Tim Durant, Sears voted 'no' for the reason that the income per linear foot from this type of production is not commensurate with the amount of raw stock it is necessary to allocate for this purpose.

"This same situation prevails with the short feature deal concluded with Messrs. Skouras, Peskay and Alperson, which was approved by the stockholders and the directors. However, it is good business in Mr. Sears opinion for United Artists to be associated with Charles Skouras in a venture of this kind considering Skouras' vast theatre interests, and this same condition applies to the relationship

between United Artists and E. L. Alperson, general manager of R.K.O. Theatres. As regards the specific proposal by Tim Durant, neither Mr. Durant nor Mr. Rowland's reputation as a producer or director of motion pictures is sufficient to warrant a release by United Artists, and the addition of three more such pictures would needlessly dissipate raw stock; also short features being released by two sources on the same program, particularly if contract approval is involved, will unquestionably mitigate against the success of either series".

2) Mr. Bagnall read the following application for a distributing contract:

Applicant - Mr. Frank Mestraly of 10165 Toluca Lake Avenue
North Hollywood, California
Principals in the deal - Bing Crosby
James Edward Grant
Frank Mestraly
Picture temporarily titled "THE GREAT JOHN L".
Director under consideration - Frank Borzage.

Mr. Bagnall stated that the producer claims they are fully financed. Producer further claims they could secure one of the following three artists - Fred MacMurray, John Wayne or Brian Donlevy.

Mr. Bagnall stated there are two female parts - the second wife, which would be played by Martha Scott, and the first wife, which calls for a musical comedy type. Negative to cost $600,000. This is a story with music.

Upon motion duly made, seconded and unanimously adopted, it was -

RESOLVED, that proper officers were authorized to continue negotiations with the purpose of concluding a distribution deal for this one picture, as above stated, on the standard terms of 27½% in United States, Canada and Great Britain and standard terms in the rest of the world.

3) Mr. Bagnall presented the Thomas Somlio application for a distribution contract for 15 pictures, five of which would star Brian Donlevy; a minimum of one to be delivered each year.

The producer claims that the possible stars he felt he could secure, whom he represents as agent, are Rosalind Russell, Cary Grant and E.G.Robinson. This deal is in an embryonic stage and no financing has been arranged up to this point.

Upon motion duly made and seconded, and unanimously adopted, it was -

RESOLVED - that Mr. Somlio's application did not have the elements that would warrant the Corporation issuing a distribution contract.

4) Mr. Bagnall stated that Mr. Ben Hirsch had made application for a distribution contract for an all-colored musical. The principals behind the deal are as follows:

Hugh MacBett
James Huston
Adam Clayton Powell
Earl Dickenson (From Chicago)
Mary Beth Hume (friend of Mrs. Roosevelt)
Louise Beaver

Apparently this would be made under the auspices of the Harlem Canteen Protective Fund and the profits would go to the Harlem Canteen and the Hollywood Division.

This musical would call for the all-important colored artists and bands.

Upon motion beind duly made, seconded and unanimously adopted, it was -

RESOLVED - that there would not be sufficient elements in the proposition to justify the Corporation issuing a distribution contract.

5) Mr. Bagnall stated that Mr. Harry Wurtzel made application for a distribution contract to make a series of pictures. Upon motion duly made and seconded, and unanimously adopted, it was -

RESOLVED, that with such meagre information in connection with his production plans, it would not warrant United Artists issuing a distribution contract.

Mr. Kelly read a cable from Mr. Teddie Carr in connection with three pictures Mr. Steven Pallos, in assiciation with Mr. Corfield, desires to produce for United Artists' distribution in the United Kingdom; The producers require stockholder terms for Great Britain.

Upon motion duly made and seconded and unanimously adopted, it was -

RESOLVED, that the Corporation did not consider the elements were big enough to warrant the company issuing a distribution contract on the terms demanded by the producer.

Mr. Kelly presented to the Board a letter from the British Information Services asking that United Artists extend their present contract to distribute one feature and two shorts for the coming year, terminating October 25, 1944.

Upon motion duly made, seconded and unanimously adopted, it was -

RESOLVED, that the proper officers were authorized to execute this letter of agreement.

Upon motion being duly made and seconded and unanimously adopted, it was -

RESOLVED, that Arthur W. Kelly be authorized to instruct the Treasurer to send the Price, Waterhouse & Co. report for 1942 to the stockholders of the company and to also send the Silverstone Plan report to the stockholders and participants.

The Chairman stated that on his last visit to California he had reached a mutual agreement with all share-holders that the annual meeting for 1942 should be held at Los Angeles at Mr. Bagnall's office on December 3, 1943 at 11:00 a.m.

Charge to the account of Loyd Wright, 1125 Board of Trade Bldg. $

# WESTERN UNION

A. N. WILLIAMS, PRESIDENT — NEWCOMB CARLTON, CHAIRMAN OF THE BOARD — J. C. WILLEVER, FIRST VICE-PRESIDENT

CHECK

ACCOUNTING INFORMATION

TIME FILED

Send the following telegram, subject to the terms on back hereof, which are hereby agreed to

Los Angeles, California, October 25th, 1943.

TO WESTERN UNION:

Please send the attached telegram to the following:

Miss Mary Pickford, 9533 Brighton Way, Beverly Hills, Calif;
Charles Chaplin, 1416 North La Brea, Hollywood, Calif;
Vanguard Films, 9336 Washington Blvd., Culver City, Calif;
Alexander Korda, c/o Edward C. Raftery, 729 Seventh Avenue, New York;
Mendel Silberberg, Sherry Netherland Hotel, New York, N. Y.

Loyd Wright.

Charge to the account of Loyd Wright, 1125 Board of Trade Bldg. $

| CLASS OF SERVICE DESIRED | | | |
|---|---|---|---|
| DOMESTIC | | CABLE | |
| TELEGRAM | | GRAMWRY | |
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| SOCIAL | | DEFERRED | |
| NIGHT LETTER | | NIGHT LETTER | |

Patrons should check class of service desired, otherwise the message will be transmitted as a telegram or ordinary cablegram.

# WESTERN UNION

A. N. WILLIAMS, PRESIDENT
NEWCOMB CARLTON, CHAIRMAN OF THE BOARD
J. C. WILLEVER, FIRST VICE-PRESIDENT

CLASS
ACCOUNTING INFORMATION
TIME FILED

*Send the following telegram, subject to the terms on back hereof, which are hereby agreed to*

Los Angeles, California, October 25th, 1943.

At the direction of the President, please be advised that a special meeting of the stockholders of United Artists Corporation is hereby called to be held on Thursday, October 28th, 1943, at the hour of 2:30 o'clock P. M. at 1040 North Las Palmas Avenue, Hollywood, for the purpose of considering the recommendations of the Board of Directors relative to the acquisition by the corporation of the Alexander Korda stock, and also to consider amendments to the By-Laws proposed by the Board of Directors. Respectfully,

Loyd Wright, Secretary.

MINUTES OF SPECIAL MEETING OF
STOCKHOLDERS OF
UNITED ARTISTS CORPORATION.

Pursuant to notice, hereinafter referred to, a special meeting of the stockholders of United Artists Corporation was held at the hour of 2:30 o'clock p. m. on Thursday, October 28th, 1943, at the office of the corporation, 1040 North Las Palmas, Los Angeles, California.

The meeting was called to order by the Secretary, Loyd Wright, and upon roll call it was found that the following stockholders were present in person or represented by proxy as indicated:

VANGUARD FILMS, INC., by Daniel T. O'Shea, proxy;

THE PICKFORD CORPORATION, by Mary Pickford, proxy;

CHARLES CHAPLIN.

There were also present Mr. Alfred Reeves, and as above indicated, the Secretary of the corporation, whom the stockholders requested to act as chairman of the meeting.

Mr. Wright presented copy of telegraphic notice calling the meeting and was directed to attach the same to the minutes of this meeting.

The chairman presented a letter from Mr. Mendel Silberberg's office objecting to the meeting being held in the absence of Mr. Alexander Korda or one of his proxies. However,

the Secretary and chairman reported to the meeting that President Edward C. Raftery had advised him on the telephone, that subsequent to the mailing of the letter he had discussed with Mr. Silberberg the holding of the meeting and that Mr. Silberberg was agreeable that the same be held.

Whereupon, the chairman read to the stockholders a telegraphic communication from the President of the corporation, Mr. Raftery, dated October 26th, 1943, reading as follows:

"NC319 478/459 NEW YORK OCT. 26, 1943, PM 5:56.
LOYD WRIGHT, WRIGHT AND MILLIKAN,
111 WEST 7TH ST., LOS ANGELES.
MESSRS. RAFTERY, SEARS, KELLY AND BAGNALL, THE DIRECTORS OF UNITED ARTISTS CORPORATION, UNANIMOUSLY PASSED THE FOLLOWING RESOLUTION TODAY:
"WHEREAS THE CORPORATION, SINCE ITS FORMATION, HAS ISSUED ITS COMMON STOCK WITHOUT ANY CASH CONSIDERATION OR FOR A NOMINAL CASH CONSIDERATION, WITHOUT REGARD FOR THE VALUE OF THE COMMON STOCK; AND,
"WHEREAS, AFTER THE ISSUANCE OF SAID STOCK TO SOME OF ITS STOCKHOLDERS OF RECORD IT HAS BEEN THE POLICY OF THE CORPORATION TO BUY SAID COMMON STOCK FROM SOME OF ITS SAID STOCKHOLDERS OF RECORD, IN PARTICULAR AS FOLLOWS:
GLORIA SWANSON FARMER, $200,000 (9/1/32.)
D. W. GRIFFITH $202,000 (4/19/33.)
ART CINEMA CORPORATION $650,000 (7/1/35.)
JOSEPH M. SCHENCK $550,000 (7/1/35.)
SAMUEL GOLDWYN, INC. $300,000 (3/11/41.)
BANK OF AMERICA N. T. & S. A. AS EXECUTOR OF THE LAST WILL AND TESTAMENT OF DOUGLAS FAIRBANKS, DECEASED, $400,000 (6/24/41.),
THUS DEPLETING THE TREASURY OF VAST SUMS OF CASH IN EACH INSTANCE AND REDUCING THE ASSET VALUE OF SAID CORPORATION AND THE WORKING CAPITAL OF SAID CORPORATION, AND,
"WHEREAS, it is believed that it is not to the BEST INTERESTS OF THE CORPORATION TO HAVE 25% OF ITS OUTSTANDING CAPITAL STOCK OWNED BY ALEXANDER KORDA, WHO IS DOMICILED OUT OF THE UNITED STATES AND A FULL TIME EMPLOYEE OF LOEW'S INC., A

COMPETITOR OF THE CORPORATION; AND
WHEREAS, SECTION 19 OF THE DELAWARE LAW
VESTS IN THE DIRECTORS OF THE CORPORATION
THE SOLE POWER TO PURCHASE OUTSTANDING CAPITAL
SHARES OF THE CORPORATION, SUBJECT TO THE LIMITA-
TION THAT SUCH PURCHASE SHALL BE MADE ONLY OUT OF
SURPLUS OF THE CORPORATION AND IN LIKE MANNER
THE DIRECTORS ARE CHARGED WITH ANY LIABILITY
WHICH MAY RESULT FROM ANY ACTS OF PURCHASE,
AND,
"WHEREAS, THE BY-LAWS OF THE CORPORATION,
PARTICULARLY ARTICLES 10, 11 AND 12 RESTRICTS
THE DIRECTORS FROM TAKING STEPS TO REPLACE OR
REPLENISH THE DEPLETED SURPLUS DEPLETED BY ANY
AMOUNT PAID FOR OUTSTANDING SHARES, WHICH
SURPLUS HAS ALREADY BEEN DEPLETED AS AFORESAID
WITHOUT REPLACEMENT TO THE EXTENT OF $2,302,000;
AND,
"BE IT RESOLVED AS FOLLOWS:
"THAT WHILE THE DIRECTORS BELIEVE IT WOULD BE
TO THE BEST INTERESTS OF THE CORPORATION IF THE
ALEXANDER KORDA STOCK WERE ACQUIRED EITHER BY
THE CORPORATION OR BY THE THREE REMAINING STOCK-
HOLDERS, THE DIRECTORS DO NOT RECOMMEND THE
PURCHASE BY THE CORPORATION OF THE ALEXANDER
KORDA SHARES BECAUSE ANY SUCH PURCHASE WOULD
NOT BENEFIT THE CORPORATION IN ANY RESPECT, BE-
CAUSE IT IS THE OPINION OF THE DIRECTORS THAT
AS LONG AS THE UNANIMOUS RULE OR POWER OF VETO
REMAINS IN THE BY-LAWS THAT PAYMENT BY THE COR-
PORATION OF MONEY FOR ANY SUCH SHARES WILL
MERELY DEPLETE THE SURPLUS AND WORKING CAPITAL
WITHOUT PROVIDING ADEQUATE MEANS OF RECOUPMENT."

PLEASE DELIVER COPIES OF THIS RESOLUTION TO EACH
OF THE SHAREHOLDERS PRIOR TO THE MEETING. REGARDS.
EDWARD C. RAFTERY."

There was considerable discussion, but no formal action was taken, and it was the consensus of opinion that more detailed information and analysis with reference to the surplus, financial affairs of the company, and other matters involved in the purchase of the Korda stock, should be furnished the owners. The chairman was instructed to ask the President for this additional information.

The question of amending the By-Laws was discussed, but no formal action was taken.

The chairman read to the meeting a telegram dated October 27th, 1943, which he had received from Mr. Raftery, being an excerpt from minutes of meeting of the directors of the corporation held on October 27th, 1943, with reference to a request made by Mr. Tim Durant for a release for three musical short features, to be made in conjunction with Mr. Wilder and Mr. Rowland. There was considerable discussion with reference to this matter, and upon motion of Mr. O'Shea, seconded and unanimously carried, it was,

> RESOLVED, that the chairman convey to the President and the Board of Directors, that certain letter dated October 28th, 1943, from Mr. Tim Durant, outlining a new proposal and requesting the Board to consider the new proposal.

There was present at the meeting a court reporter who at the request of the stockholders made a transcript of the record. The secretary was ordered to keep on file a copy of the transcript.

There being no further business, the meeting adjourned subject to call when the additional information requested from the management is received.

Loyd Wright

Chairman.

COPY

SPECIAL MEETING OF STOCKHOLDERS

UNITED ARTISTS CORPORATION

1040 North Las Palmas
Los Angeles, California
Thursday, October 28,1943
3.00 o'clock p.m.

PRESENT:

MR CHARLES CHAPLIN
DANIEL T. O'SHEA, Esq
MISS MARY PICKFORD
LOYD WRIGHT, Esq.

Charles W. Lunsford,
Reporter.

MR WRIGHT: This meeting is called pursuant to the direction of the president. I think the first order of business should be to designate a Chairman, since there is not a vice president present.

MR CHAPLIN: May I suggest that you be the Chairman? Is that seconded?

MR O'SHEA: Seconded.

MR WRIGHT: Very well. I will act as Chairman if that is the wish, as well as secretary. May the record show that Mr. Korda is not represented. The secretary presented to the meeting a letter from Mr. Silberberg's office objecting to the meeting in Mr. Korda's absence. The secretary explained to the meeting that he had called Mr. Raftery and Mr. Raftery had told him that subsequent to the sending of the letter Mr. Silberberg in New York had consented to the meeting being held, so long as it was understood that if the Korda stock were not purchased there would be noeffort to change the by-laws at this meeting. The order of business, as outlined in the call, is for two specific purposes - the considering of the recommendation of the Board of Directors relative to the acquisition by the corporation of the Alexander Korda stock, and also to consider amendments to the by-laws proposed by the Board of Directors. In reference to that phase, it might be well to read the wire that Mr. Raftery sent, a copy of which I sent to each of you.

"Messrs. Raftery, Sears, Kelly and Bagnall, the directors of United Artists Corporation, unanimously passed the following resolution today:

"Whereas the corporation, since its formation, has issued its common stock without any cash consideration or for a nominal cash consideration, without regard for the value of the common stock, and whereas after the issuance of said stock to some of its stockholders of record it has been the policy of the corporation to buy said common stock from some of its said stockholders of record, for prices ranging from $200,000.00 to $650,000.00, and in particular, as follows:

Gloria Swanson Farmer, $200,000.00 on September 1, 1932; D.W. Griffith, $202,000.00 on April 19,1933; Art Cinema Corporation, $650,000.00 on July 1,1935; Joseph M. Schenck, $550,000.00 on July 1,1935; Samuel Goldwyn,Inc.$300,000.00 on March 11,1941; Bank of America, N.T. & S.A. asexecutor of the last will and testament of Douglas Fairbanks, deceased, $400,000.00 on June 24,1941, thus depleting the treasury of vast sums of cash in each instance and reducing the asset value of said corporation and the working capital of said corporation, and whereas, it is believed that it is not to the best interests of the corporation to have 25 per cent of its outstanding capital stock owned by Alexander Korda, who is domiciled out of the United States and a full time employee of Loew's, Inc., a competitor of the corporation; and, whereas, Section 19 of the Delaware law vests in the directors of the corporation the sole power to purchase outstanding capital shares of the corporation, subject to the limitation that such purchase shall be made only out of surplus of the corporation and in like manner the directors are charged with any liability which may result from any acts of purchase; and, whereas, the by-laws of the corporation, particularly Articles 10, 11 and 12 restricts the directors from taking steps to replace or replenish the depleted surplus depleted by any amount paid for outstanding shares, which surplus has already been depleted as aforesaid without replacement to the extent of $2,302,000.00; and, be it resolved as follows: that while the directors believe it would be to the best interests of the corporation if the Alexander Korda stock were acquired either by the corporation or by the three remaining stockholders, the directors do not recommend the purchase by the corporation of the Alexander Korda shares, because any such purchase would not benefit the corporation in any respect,because it is the opinion of the directors that as long as the unanimous rule or power of veto remains in the by-laws that payment by the corporation of money for any such shares will merely deplete the surplus and working capital

without providing adequate means of recoupment.' Please deliver copies of this resolution to each of the shareholders prior to the meeting. Regards, Edward C. Raftery."

When I finally got hold of Mr. Raftery last evening, I asked him if the directors had any specific proposals on the amendments of the by-laws. He said he had seen the notice and that it was the intention that the directors should recommend to the stockholders specifically their recommendation, and Ed said that they had conversations with the banks and that they were of the opinion that they could purchase the stock for $950,000.00, and that there was a surplus or there would be a surplus of approximately $1,300,000.00, which could be used to acquire the Korda stock, but if the surplus were depleted then it would become necessary to borrow funds with which to carry on the business until earnings could rehabilitate the finances of the company, and that the bank were unwilling to loan money as long as one stockholder could negative the action of the corporation. In putting it in the reverse, as long as it took a unanimous opinion, the board were of the opinion that it would serve no purpose for the corporation to acquire the Korda stock, unless the stockholders were willing to amend the by-laws sothat the majority would rule, the same as in other corporations, and that that was the recommendation intended by this telegram. He further suggested if there was objection on the part of any of the stockholders to a majority rule, that the possibility or the desirability of a voting trust or a control of some sort be explored. He requested that I explain that you could, if you wanted to, create a voting trust whereby the voting of the stock could be controlled agreeable to the terms of the document called the voting trust. Now, I told him that I would so report to the Board,

MR CHAPLIN: Well, I would like to hear some expressions from the other stockholders.

MR. O'SHEA: I will give you my opinion about this wire. I don't think it is accompanied with enough detail or analysis with reference to the matter of the surplus or the depletion of the surplus. The last time I heard any discussion about the proposed purchase of the Korda stock, it was indicated that a way had been found to buy it through the subsidiary, the wholly owned subsidiary of United Artists. That was the Wanger Company. The name of it now is United Artists Productions. This wire has come as a complete puzzle to me. I don't understand it.

MISS PICKFORD: I called Ed after getting the wire, and I thought a million and one-hundred fifty thousand dollars was what he told me.

MR CHAIRMAN: Surplus?

MISS PICKFORD: And he said they felt we were skating on very thin ice to pay Mr. Korda the $950,000.00.

MR. O'SHEA: Has there been any indication whether there has been a formal offer made to the company?

THE CHAIRMAN: I asked Ed that night. I said at the first instance when Ed told me to call this meeting "I don't like to call the meeting because the most natural and proper thing so far as the stockholders are concerned is to ask 'What is the transaction? How far does Korda want to go and what are the terms of the sale?'" He said "By the time the meeting is on, our meeting with Silberberg" - I think he said that night. It may have been the next day at that time. When I talked to him it was Monday morning, and he said that the wire would be in detail, so when I got him last evening I said "Well, Ed, I don't think your wire is in sufficient detail as to facts." He told me the situation as I outlined it.

MR CHAPLIN: Have we the wire here? Can we read it?

THE CHAIRMAN: It is the one I read, and Mary said she called Ed, but I think --

MISS PICKFORD: He pointed out to me that they would be held responsible and that they felt in their best judgment that they shouldn't deplete the company to that extent. I don't know what the terms are. He said that Mr. Silberberg had other things that he was discussing besides the $950,000.00. The money is to be paid in England in dollars.

THE CHAIRMAN: In dollars?

MISS PICKFORD: In dollars.

THE CHAIRMAN: It is obvious that the only way it would be paid would be to withdraw from surplus here, because you could only buy stock, Charlie, in the corporation out of surplus.

MR CHAPLIN: Yes.

THE CHAIRMAN: You have enough surplus, but if you pay $950,000.00 of your surplus out when you only had $1,150,000.00, your surplus is always composed sometimes of intangibles and frozen assets that are not readily transferred into cash, and that is what I imagine the boys are afraid of, and the further fact, as I told you, that the banks said they would not loan money unless the corporation by-laws were changed so that they would be dealing with a liquid proposition as other corporations are constructed.

MR. O'SHEA: Well, as I read this wire, it says that under the laws of the State of Delaware, the sole power to purchase the stock rests in the directors. Now, the directors should go on record in a formal meeting stating that they are not going to exercise that power unless certain changes are made in the by-laws.

MR. CHAIRMAN: That is what it amounts to.

MR. CHAPLIN: But isn't the only reason, is it?

MR. O'SHEA: Well, Mr. Chaplin, they say up here --

MR. CHAPLIN: That is one of the reasons.

MR. O'SHEA: Yes, by tying that in ----

MR. CHAPLIN: And our financial position which has just been stated is another reason, and that is the reason according to the laws and that is a legal reason.

MISS PICKFORD: Maybe it could have been put over a longer period of time. Maybe that entered into it.

THE CHAIRMAN: That might have .

MISS PICKFORD: Mr Korda wants cash, and I think they figured that it could be put over a period of something like - at one time I know they talked of something like five years.

MR. CHAPLIN: Have we any definite offer from Mr. Korda to that effect? I mean, this is all suppositional.

MISS PICKFORD: Mr. Silberberg, as I understand, has said that that is what Mr. Korda would accept.

MR CHAPLIN: I would think Mr. Korda would have his representative here at this meeting.

THE CHAIRMAN: Well, Charlie, it is not altogether Alexander's fault. Mr. Silberberg is in New York. He holds a general proxy. The only other proxy from Alexander as long as he is out of the country, is vested in Ed Raftery, Charlie.

MR CHAPLIN: Did I understand you to say that Mr.Korda objected to any meeting that would discuss the change of the by-laws?

MR CHAIRMAN: Mr. Price, one of Mr. Silberberg's associates wrote the letter.

MR. CHAPLIN: Isn't it his express wish that nothing should happen concerning the by-laws of this company unless he was present?

THE CHAIRMAN: No.

MR. CHAPLIN: Didn't you say that?

THE CHAIRMAN: I said that Mr. Silberberg and Raftery had talked and that Raftery had told Mr. Silberberg that the by-laws would not be voted on unless the stockholders determined to purchase the stock. Now, if the stockholders determined to purchase the stock, then Mr. Korda wouldn't be concerned because he would no longer be a stockholder. If you didn't decide to purchase the stock, then I do think there should be a vote out of just common decency of

Ed's commitment to Mr. Silberberg on the by-laws.

MR. O'SHEA: It is rather academic, anyway, because as it now stands you can't do it without a unanimous vote.

MR CHAPLIN: It strikes me that we are tying both things together, the purchase of Mr. Korda's stock and the changing of the by-laws. They have somehow merged the two ideas into one. One is contingent on the other. I don't think that should be.

MISS PICKFORD: Because of the surplus?

MR CHAPLIN: You can't buy Mr. Korda's stock unless we alter the by-laws of the company, isn't that right?

MR CHAIRMAN: That is the practical result from what Ed told me, that the bank wouldn't loan us money with which to carry on our ordinary business unless the by-laws were changed. Technically, Charlie, you don't need the money to buy the stock, because you have, technically, enough surplus to purchase it.

MR CHAPLIN: But not legally.

THE CHAIRMAN: Legally, too.

MISS PICKFORD: They say not. They wouldn't take the responsibility.

MR. CHAPLIN: What is it that they don't recommend it?

THE CHAIRMAN: They don't recommend it without the change of the by-laws, because that will put the company in a legal position of skating on awfully thin ice, and if they need money to carry on - the surplus would be wiped out for all intents and purposes and they won't be able to call upon the banks because the banks will persist as a condition preceding the borrowing that the by-laws be amended. That is the story Ed gave me.

MR CHAPLIN: Haven't we borrowed money from the banks before under the same by-laws?

MR. O'SHEA: Those moneys that are still owing?

MR. CHAPLIN: Where did we get the money to purchase, for instance, Mr. Douglas Fairbanks' stock?

THE CHAIRMAN: That money was borrowed, Charlie, through the medium of the subsidiary corporation which was vested with title to the residuals of the Wanger pictures, and they were all hypothicated along with the Schenck insurance.

MISS PICKFORD: Life insurance.

THE CHAIRMAN: Life insurance; and whatever assets the company had that were liquidated. They drew into the United Productions.

MR CHAPLIN: How did we purchase Mr. Schenck's stock. We didn't have so much money in the treasury at that time.

MR CHAIRMAN: You had money in the treasury at that time, I think, Charlie.

MR CHAPLIN: I don't think we had very much, as I remember.

THE CHAIRMAN: In '35?

MISS PICKFORD: We had a lot of pictures. We had all of the Zanuck pictures.

THE CHAIRMAN: I believe, Charlie, you will remember the meeting which Cap. and Nathan - we met over at Goldwyn's place for some days, and which, if I recall correctly, was about the time that this by-law was first proposed, and I believe that I recall - though it is purely a hazy recollection,- that there was discussion as to the surplus and you had a surplus. Now, I may be entirely mistaken, but I think you did. I think that another thing which I expected to be able to get you here was some figures and some minutes. This other copy deals with the matter that refers to some minutes of the directors.

MISS PICKFORD: Yes. Did they have the power then that they have now? I mean, did they have the power and responsibility at that time that those four men carry today?

THE CHAIRMAN: Yes.

MISS PICKFORD: They did? Are you sure of that?

THE CHAIRMAN: They have always had theoretically, you see, Mary, and I am glad that this is being put on the record, but it is simply a re-hash of the advice that, as West Coast counsel, I have given to the stockholders for years. When you deal commercially as a corporation, particularly with one of the larger

banks, the further you depart from the usual corporate structure the more difficulty you have, and this is a departure when you impose restrictions by by-laws or seek to impose them that are not ordinarily and customarily there. Now, the laws of Delaware have vested in the directors to run the affairs of the corporation. As to what extent that authority can be hedged by by-laws is a question that in all instances is not open to --

MISS PICKFORD: I think probably this is the time for me to bring it up here before my partners and have it go on record. I have told our president that I am engaging counsel to have clarified this by-law situation before an attempt to start my production or go into any production, because asyou know I have bought the story, but I don't want to be obligated any further without knowing it, in the event Mr. Korda doesn't sell his stock, and he is in England. I don't know how that will work out with the arbitrary power of the veto, and I will have to know, so I am engaging counsel in bringing a friendly suit. I don't know whether it will be called a suit. I don't know, but I am asking relief from the courts of Delaware and Mr. Rafter y has been so notified. I am asking for an interpretation.

THE CHAIRMAN: You are asking as to the legal effect but not an interpretation?

MISS PICKFORD: Yes.

MR CHAPLIN: Then I think until such matters are settled I don't see any reason why we should discuss the purchasing of the stock.

MR O'SHEA: Mr. Chairman, I would like to ask you to inquire of Mr. Rafter y whether his discussions with Mr. Silberberg anent the purpose of this stock constituted in anywise a formal offer by Mr. Korda through Silberberg as to the sale to the company of his shares, because when that event takes place, in accordance with the by-laws as they are now constituted, certain rights are lost or beging to be lost by the corporation, and there comes into being the rights on the part of other people.

MR. CHAPLIN: What are the rights that are being lost, Mr. O'Shea?

MR. O'SHEA: The rights at the present time, Mr. Chaplin, is that stock can't be sold to anybody else for a period of 20 days after a formal offer is made to sell the stock, and I don't think we ought to have that time running against us without knowing it.

THE CHAIRMAN: I think that is very pertinent, anyway, and, off the record, I am satisfied if there were a formal offer certainly Ed would have told us.

MR O'SHEA: I gather from what Miss Pickford started to say ---

MISS PICKFORD: That is what I understood it was. I may have been mistaken. I know that he discussed it with Mr. Silberberg and that Mr. Silberberg knows about my stand in the matter. He has been told that I am bringing suit, and I don't know what effed , if any, it has had on Mr. Korda's desire to sell his stock. Evidently it hasn't had any effect because they are still negotiating.

THE CHAIRMAN: I think what Charlie was going to say that I wire Ed and get the exact detail of the offer and the information that has been asked here as to surplus when we purchased Schenck and ---

MISS PICKFORD: And Fairbanks.

THE CHAIRMAN: --- And the Fairbanks.

MISS PICKFORD: And also what about the Goldwyn?

THE CHAIRMAN: And the Goldwyn; and the details of the present loan. Unfortunately, I have no way of advising you people and you are certainly entitled to it as to whether the assets are pledged now for $300,000.00 or $900,000.00. I don't know, and as far as I can ascertain there is nothing in my file as secretary that discloses the amount, and if could call a meeting in a few days, after I get the information, you could more intelligently discuss the situation.

MR O'SHEA: Would you include in your inquiry the question as to the present cash position?

THE CHAIRMAN: Surely.

MR O'SHEA: And the prospect as to cash requirements?

THE CHAIRMAN: Yes.

MR O'SHEA: And whether or not there is any likelihood or what the likelihood of an increase in the surplus position will be.

MR CHAPLIN: And also our liabilities as well, because we have many liabilities besides the purchase of this stock.

THE CHAIRMAN: Yes. We ought to have a Price, Waterhouse statement soon. Have any of the stockholders received one?

MR O'SHEA: The Price Waterhouse statements were out, but as I recollect they were recalled for correction.

THE CHAIRMAN: Well, what is the pleasure of the meeting? Do we postpone it, and, if so, for what period of time? A week?

MISS PICKFORD: It seems very complicated to me.

THE CHAIRMAN: How about four or five days?

MISS PICKFORD: I frankly want to say that it is, that I don't quite understand it.

MR O'SHEA: Well, I thought that the second issue for this meeting or the second item for this meeting was a general statement or a specific statement with respect to the necessity or wisdom of considering an amendment to the by-laws proposed by the Board of Directors. We ought to have those specific proposals.

THE CHAIRMAN: I so advised the president and the president advised me back as I told you. The wording of the call was for the express purpose, as I understand it, of bringing you stockholders specific recommendations that the Board of Directors had, by a vote of three to one or two - it would have to be three to one as there are only four - recommended that the following amendment be made. Now, it may be that that is not proper, but it seems to me that it would be proper, because they are the ones who receive the evil, if evil it is that exists, in the present by-laws. They are the ones who are charged with operating the company and with getting the necessary moneys to finance the company, and they are the ones who, in my opinion, are the best equipped and qualified to advise the owners just where the by-laws are at fault

and where they are not workable. Doesn't it seem that way to you?

MR. O'SHEA: Yes

MR. CHAPLIN: This evil has only come up recently.

THE CHAIRMAN: I beg your pardon?

MR. CHAPLIN: The evil of the unanimous vote has only come up recently.

MISS PICKFORD: It has always existed.

MR CHAPLIN: It has always existed and we functioned.

MISS PICKFORD: And how we functioned.

MR CHAPLIN: That is a question of opinion, personal opinion. You are doing very well. So am I.

MISS PICKFORD: Thank you.

MR CHAPLIN: I think we have done very well in the past. I think your credit so shows.

MISS PICKFORD: My credit is nothing to the United Artists. If my credit was run like that of the United Artists I would be penniless today, and that is just why I am going to get relief from the courts. If we can't sit down and discuss our business like any modern organization, then it is too bad.

MR CHAPLIN: I don't think this was ever intended to be a modern corporation. We never intended it.

MISS PICKFORD: It is not, if it was.

MR CHAPLIN: It was an ideal proposition in the beginning.

MISS PICKFORD: And I would like to go on record as to what I said.

MR CHAPLIN: We had it for the purpose of exploiting our own pictures without block booking from other sources.

MISS PICKFORD: And there is no reason why it can't proceed.

MR CHAPLIN: And I think that you and Douglas and myself did very well under the organization under those conditions and we never had any trouble at all about the majority vote.

MISS PICKFORD: It was something that we gave each other. It was never in the by-laws, and Mr. Goldwyn had it put in, as you will recall. It was not in the original by-laws. There was an amendment and it has cost us dearly,

MR CHAPLIN: I don't think it has cost very much, and I don't know about you, but frankly, I think I have done very well by this organization under its present set-up, I can say I believe I have gotten the maximum out of my pictures and I think you have, and I think ---

MISS PICKFORD: Then I do not agree. I think that we ought to go into it - not at this time - but at a later date, and I can prove to you conclusively that figures do not lie, that our company does not do as well as others, especially in England.

MR CHAPLIN: However, as the proposition is presented here, there is one thing tied in with the other. You say the bankers won't loan us any money to buy or purchase the Korda stock unless we change the by-laws. Well, until we have a specific, detailed account of the company and its financial position, as Mr. O'Shea and the Chairman suggested, we can't discuss or express any opinion about the changing of the by-laws. I don't see that it is logical at all. These things have been tied in together. It seems to be an emergency, and before we do anything - it seems to be sort of whistling in the dark, and as you said a moment ago, Mary, it is all very confusing. I think so, too.

MR O'SHEA: I would like to state for the record - since we seem to be having a record - that ---

MR CHAPLIN: May I make a statement, Mr. Chairman? How were these directors appointed?

THE CHAIRMAN: By the stockholders. They are elected, Each member appoints his own director. They are elected in a group, Charlie.

MR. CHAPLIN: What?

THE CHAIRMAN: There are five directors.

MR CHAPLIN: What stockholders directed the Board of Directors, then?

THE CHAIRMAN: What stockholders?

MR O'SHEA: At the last meeting at Miss Pickford's house, at which you had a proxy present, it was voted unanimously to retain the Board of Directors as it was presently constituted. The by-laws calls for five directors. There are presently only four directors. The by-laws give you the right by virtue of accumulative voting for each to elect a director, but some time late [redacted] it was determined that - at what meeting, I don't know, but there was such a determination - that the identification of the Board of Direvtors be made with the management of the company. It was dispensed with. At that time the business of each having a particular representative was dispensed with.

MR CHAPLIN: Do we have the minutes of that meeting, do you know?

THE CHAIRMAN. I think we have a copy here.

MR O'SHEA: I would like to finish the statement that I was making for the record. Vanguard is in favor of the purchase of the Korda stock by the company or by its wholly owned subsidiary, United Artists Productions, Inc., subject to and is willing to meet any reasonable conditions imposed by the Board of Directors as a condition precedent to the exercise of the power which they state in the telegram of October 26th vested by the laws of Delaware in the Board of Directors. We only make one further condition and that is that there be a disclosure of the conditions, a detailed disclosure of what conditions precedent which they set up in the exercise of that power.

THE CHAIRMAN: Do you remember the date of the annual meeting?

MR O'SHEA: I think it was a special meeting. It would have been held sometime in December, I think, 1941, or early in '42.

THE CHAIRMAN: No. I mean the last election.

MR. O'SHEA: It was held during the summer, wasn't it?

MISS PICKFORD: I don't know, Dan. It has been quite sometime ago. I think it would have been in the spring, because as you will remember when we had our meetings Charlie Schwartz was here. I guess we had some of them out at the house, too.

THE CHAIRMAN: Other than the meeting out at the house, my recollection is that Charlie was there.

MR O'SHEA: No, Schwartz was there.

THE CHAIRMAN: That is what I mean. Charlie Schwartz was there.

MR CHAPLIN: Do you know whether we were notified of that meeting?

THE CHAIRMAN: What?

MR CHAPLIN: Do you know whether we were notified of that meeting?

MR O'SHEA: You must have, because Schwartz was present. It was a series of meetings. They would be postponed every day because the matter of discussion of product came up and what product the boys wanted to take on was up.

THE CHAIRMAN: We had three meetings. I was present at the meeting at which the election was held and at this particular meeting here I wasn't present. I don't understand why the minutes don't mention it. Oh, I see. May 3rd. These start July 10th. That is the reason. I think probably the first meeting I ever attended - I have been lugging these three books around all the time and you have never asked for them before. I should have brought them, Charlie. I am sorry.

MR CHAPLIN: Well, if it will facilitate it you canpostpone that and show them to me the next time.

THE CHAIRMAN: No, I want to answer your question. I will have them the next time and you can see them.

(The following are the remarks of Mr. Loyd Wright in connection with a telephone call to his office: Tell me first where the meeting was held and who was present. I might say while we are waiting that according to this it should be May 3rd or immediately after that. It may have even been just before or subsequent. Margaret, I want to know where the meeting was and who was present and I want you to open the

back to the place where the directors were elected and read that to me so I may repeat it.)

THE CHAIRMAN: We will wait until she looks that up and get that information later. What is the pleasure of the meeting on one or two other matters, that is, that we can't legally decide in the absence of Mr. Korda, because they were not in the call. I have a wire from Ed about the action of the Board in reference to a request from Tim Durant to make special streamliners, and I have a letter from Tim which was handed to me just since I came to the meeting changing it. Is it your desire to take those up at this time in a formal way to tell the management how the stockholders feel?

MR. O'SHEA: I would like to hear it.

THE CHAIRMAN: "Following is an extract from minutes of Directors held this morning which should be brought to attention of stockholders at tomorrow's meeting: 'The Chair stated he had received a wire from Charles Chaplin and one from Mary Pickford recommending that a deal be given Tim Durant in conjunction with Wilder and Rowland for the release of three musical short features that would cost approximately $110,000.00. The Chair asked Mr. Bagnall to read a proposal signed by Tim Durant, which was read to the meeting.' The Chair pointed out that under the restrictions covered in the by-laws, and in the minutes of the May and August, 1943 meetings of the stockholders, that this Board had no power to take on a series of pictures of this character, that it was a matter that would have to be referred back to the stockholders for action. The Chair then moved that the Board recommend to the Stockholders a deal be entered into with Tim Durant, Wilder and Rowland for the release of three short musical features, of the quality and description read to the meeting by Mr. Bagnall, with an option on the part of United Artists to take on six more musical features with full approvals as to the addition at six, with the further understanding that Mr. Bagnall was to supervise budgets and expenditures and all other approvals. Terms to be not less than the terms contained

in the short feature contract made with the Alperson-Skouras-Peskay group. Mr. Kelly seconded the motion. Messrs. Raftery and Kelly voted in favor of the motion. Messrs. Sears and Bagnall voted against it. The Chair declared the motion lost because of the tie. Mr. Sears then asked to state his reasons for his vote, which are as follows: 'On the motion of the Chair to give a releasing contract for three short features with an option of six more to Tim Durant, Sears voted 'No' for the reason that the income per linear foot from this type of production is not commensurate with the amount of raw stock it is necessary to allocate for this purpose. This same situation prevails with the short feature deal concluded with Messrs Skouras, Peskay and Alperson, which was approved by the stockholders and the directors. However, it is good business in Mr. Sears' opinion, for United Artists to be associated with Charles Skouras in a venture of this kind considering Skouras' vast theatre interests, and this same condition applies to the relationship between United Artists and E. L. Alperson, general manager of RKO Theatres. As regards the specific proposal by Tim Durant, neither Mr. Durant or Mr. Rowland's reputation as a producer or director of motion pictures is sufficient to warrant a release by United Artists, and the addition of three more such pictures would needlessly dissipate raw stock; also short features being released by two sources on the same program, particularly if contract approval is involved, will unquestionably mitigate against the success of either series.' Have wired O'Shea direct regarding two English pictures which we have been discussing for release and suggest you contact him and see if he wishes to bring this before stockholders. You might also point out in connection with short feature deals that other producers using facilities of United Artists, such as Eddie Small, have asked for streamline deals and all have been turned down. Regards.

Edward C. Raftery."

I might say, Dan, that I tried to get you on the 'phone, but as usual you were either busy or you wouldn't answer, and when I got here at the meeting, Tim, whom I had advised of the wire, wrote as follows:

"Dear Loyd:

According to the report which you read to me from New York, Mr. Sears had the objection to my proposal that William Rowland, the director, had not enough proven credits to warrant granting me a release to make three special feature pictures. Accordingly, I have made a new tentative set-up which I feel is very much stronger. I have an option on the services of Ralph Cohn as associate producer. He has producer credit for 42 pictures made at Columbia and independently. He started by making two musicals at Columbia with Rita Hayworth which brought her into prominence, and has just lately finished 'Crime Doctor', the Ellery Queen series and also the Boston Blackie pictures with Chester Morris and several other serial pictures. He is experienced and successful in making good pictures with limited budgets. As director, I have the services of Charles Coleman. He was first assistant director for Capra for several years when he made 'Broadway Bill', 'Mr. Deeds Goes to Town' etc. He co-directed 'Lost Horizon' and fully directed 8 other pictures. Naturally it is impossible to get top directors and producers for limited bedget pictures, but these two men, I feel sure, are capable of furnishing a product of quality and entertainment. Also, Mr. Chaplin has promised to advise me on stories and scripts.

I would be satisfied with the release for two pictures of this type instead of three if preferable to the stockholders. I am very anxious to show what can be done by people of experience and taste in the low bedget field.

The financing will remain the same. I am putting in $25,000.00 of my own money and Mr. Wilder, the brother of Billie Wilder, the writer and director at Paramount, is investing the balance. We have a selection of properties to choose from and will make those that are best fitted for the

available players at the time.

Sincerely yours,

Tim Durant."

(The following remarks were made by Mr. Loyd Wright in connection with the telephone call to his office: Mes. Tell me the date of the meeting, that is, the adjourned meeting at which the directors were elected. May 7th at Pickfair. Miss Pickford, Mendel Silberberg, Ed Raftery, Sears, Bagnall, Arthur Kelly and Loyd Wright. The meeting was held up and Mr. Charles Schwartz joined the meeting. Read to me the resolution and who made it. Moved, seconded and unanimously carried that voting by ballot he waived and by vive-voce vote the same directors be elected ro serve the corporation for the ensuing year or until their successors are elected, all of the directors being present. All right. Thanks Margaret. Keep them out in case any additional question arises.)

It was unanimously carried by the stockholders that the four offices be filled and the one left vacant. If I recall, Charlie, the motion was made by your proxy at the meeting. That is my recollection. I can't tell until I get my rough minutes, because the finished minutes do not disclose who proposed it, but I will have it scribbled out in longhand.

What is the pleasure of the meeting in reference to this last matter?

Do you wish to ———

MR. CHAPLIN: In the first place I never approved of the Skouras deal.

THE CHAIRMAN: I have searched the stockholders' meetings minutes and talked to Mr. Raftery. The Skouras deal apparently was never presented to a meeting of the stockholders.

MR. O'SHEA: It was presented verbally and it was told to me that Miss Pickford had approved it conditionally upon the distribution fee being 30 per cent, and the

way I heard it with reference to your approval was that you approved it on the condition that you could reserve to yourself the right to make and release streamliners on the same terms. I approved it conditioned upon them having the unconditional consent or being pleased with the conditional consent that they had from the other stockholders.

THE CHAIRMAN: When was this?

MR. O'SHEA: It can't have been more than ten days or two weeks ago.

MR. CHAPLIN: Well, the thing has been passed by provisions.

MISS PICKFORD: I think that the thing in there about the film is serious.

MR. CHAPLIN: They are both unknown wuantities. Mr. Skouras is a theatre man of monopoly theatres, and if this corporation - I think if we have to play politics and interfere with anti-trust laws, I think that this company is digressing and going back from what its original intention was, that it was to give outside people an opportunity to come in and keep the motion picture industry a free market. Here we are getting tied up with big theatre combines. I think our purpose in the beginning was a fight against monopoly. Here we are bringing these people in. I want to go on record and say that I don't approve of the deal at all, especially on account of Mr. Skouras being connected with it. I don't think that was the object of this company. I think the moment we do that we are descending to something that is against the Sherman Act. The industry is tied itself bad enough as it is. I think that we ought to give other people a chance, people who don't have monopoly theatres by theatre combines. I think we should try and encourage other people other than those who own theatres.

MR. O'SHEA: I would suggest that that matter be referred back to the Board of Directors for consideration in light of the action already taken as disclosed by this telegram.

THE CHAIRMAN: Is there a second?

MISS PICKFORD: I second it.

THE CHAIRMAN: It was moved and seconded that I convey to the directors the question of reconsideration of the new matter contained in Tim's letter. All in favor say "Aye".

MISS PICKFORD: Aye

MR. O'SHEA: Aye

THE CHAIRMAN: Contrary minded "No". Carried. Have you something you want to refer to in the telegram, Mr. O'Shea?

MR. O'SHEA: I would like to explain that reference in the telegram. They are looking for quota pictures. The quota under the British quota law - their quotas are about to be exhausted in April, 1944, which means that they will either be put to the expense of manufacturing quota pictures or they must acquire quota rights some way, and I saw two English pictures in which Eddie Small had the original entry, and I suggest that if those two pictures have sufficient quotas - they obviously cost enough to make them. It is what they call triple quotas which would be six, and I suggest that they take those on if they can get them.

MISS PICKFORD: Is there any guarantee?

MR. O'SHEA: Yes, there was.

MISS PICKFORD: How much?

MR. O'SHEA: As I understand it the English owners of the film, due to the fact that not so long ago there was a great advantage to the American companies in buying in England for pounds and then distributing here to turn it into dollars, there grew up the idea on the part of these English companies that their pictures were worth a lot of money. Well, that advantage no longer exists, because of the present transition of moneys, but the old idea lingers on, and they have been asking $200,000.00 per picture. It is proposed to give a guarantee of only $75,000.00 against a distribution fee of 30 to 35 percent for the United States and Canada, and 50 percent below - as Raftery terms it - the Rio Grande and all other

countries. The distribution rights would be for the western hemisphere.

MISS PICKFORD: Not in England.

MR. O'SHEA: No, and their interest was conditioned upon their being able to get six quotas which would be usable, you see, during the next calendar year in order to obviate -----

MISS PICKFORD: Do you know if the companies are in need of quota pictures?

MR. O'SHEA: The quotas are exhausted in April, and Sears and Raftery and Leserman and Gould and the rest of them have viewed the pictures as I understand it.

MISS PICKFORD: I heard they are good.

MR. O'SHEA: They are good.

MISS PICKFORD: Even better than the one that they have -----

MR. O'SHEA: You mean 'Voice in the Wind'.

I think this question is a little academic now because of the difference between the guarantee the directors are willing to make and willing to recommend and what the other fellows will take at the present time. According to what I heard today at lunch, it is too great. I think there is too great a disproportion to make it much more than academic now.

MISS PICKFORD: They would have to come to the owners too, wouldn't they?

MR. O'SHEA: Yes, but they stated what they would be willing to recommend to the owners.

THE CHAIRMAN: What is the pleasure of the meeting, that no action be taken on that part of the wire?

MR. O'SHEA: I have no desire to record it.

THE CHAIRMAN: Has anyone anything further to bring before the meeting? If not, a motion to adjourn is in order.

MR. CHAPLIN: Second.

MR. O'SHEA: Is this meeting to be continued until the receipt of the information which was requested?

THE CHAIRMAN: I suggest that we adjourn to a date certain, then. We can adjourn it subject to call or whatever your pleasure might be.

MR. CHAPLIN: I think to come here the way we are, as I said before, is like whistling in the dark. I should think we should have a straightforward letter from Korda.

MISS PICKFORD: Mr. Korda told me on the telephone, Charlie, that he would not formally make an offer to the company.

MR. CHAPLIN: Then I don't see why we are meeting if he said he would not. I don't see the object to this meeting. It is suppositional.

MR. O'SHEA: It would be to our disadvantage to urge that he make a formal offer because the time would start to run then.

(A discussion was had off the record)

THE CHAIRMAN: What is the pleasure of the meeting, that we adjourn subject to call or shall we adjourn to a certain date until I get this information?

MISS PICKFORD: I have never refused to come to a meeting yet so I am not going to start today.

MR. CHAPLIN: I suggest we adjourn. There is nothing left to discuss.

THE CHAIRMAN: What I mean, Charlie, is that we want to adjourn the meeting which will be convenient for all.

MR. CHAPLIN: It is all right. You have had my proxy before on very important subjects; subjects like the election of the Board of Directors. I think you might just as well have my proxy again.

MISS PICKFORD: I am not coming to the meeting because nothing can be decided. Mr. Reeves will not have the power to vote on things of importance, and this is the first time that I have refused to come. My time is as valuable as Mr. Chaplin's.

I am willing to meet any time in the afternoon, evening, morning or any other time, but not with people who haven't the authority to vote. We are just wasting our time, and that can go in the record.

THE CHAIRMAN: Well, in the absence of a motion the Chair will declare the meeting adjourned, and as soon as I can get this information I will send out notices and call another meeting and I will do it as quickly as I can get the information requested.

(Whereupon at 4:20 o'clock p.m., the meeting was adjourned subject to call)

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Nov. 3/43

MINUTES OF MEETING ADJOURNED FROM OCTOBER 27, 1943

A meeting was held November 3, 1943 at 3:00 p.m. at the Home Office, 729 Seventh Avenue, New York City.

There were present:

Messrs. E. C. Raftery, Acting Chairman of the meeting
Gradwell L. Sears
George L. Bagnall
Arthur M. Kelly, Secretary of the meeting.

The meeting was called to order by the Chairman.

Mr. Raftery stated that the industry had been called upon to subscribe to the National War Fund.

Mr. Kelly stated that the other companies in the industry were giving anywhere from $20,000 to $110,000.

After due consideration a motion was made, seconded and unanimously adopted, and it was -

RESOLVED, that the Corporation should donate the sum of $10,000 and it was left to Mr. Gradwell Sears to decide how much of this money should be allocated per Exchange - the remainder to be donated as coming from the Home Office.

Mr. H.D.Buckley was appointed Chairman for the company to canvass the employees for subscriptions.

Mr. Raftery stated that he was in possession of a copy of the minutes of the stockholders' special meeting called at the office of George L. Bagnall, General Service Studios, Hollywood, Thursday October 28, 1943.

The stenographic minutes of said meeting were exhibited to each director and read by each director.

Upon motion duly made, seconded and unanimously adopted, it was -

RESOLVED, that said minutes should be filed.

Mr. Raftery stated that in accordance with Resolution adopted at the regular meeting of the Board of Directors of United Artists Corporation, held at 1040 No. Las Palmas, Hollywood, September 28, 1943, which provided for the engagement of Price, Waterhouse & Co., together with counsel for the company, and additional tax counsel, if necessary, to determine the best method of keeping the books of United Artists Productions, Inc. etc., he had now received the report of T. Newman Lawler, of O'Brien, Driscoll & Raftery, dated October 28, 1943. This report is the result of his full discussions with Price, Waterhouse & Co. partners, from an auditing standpoint, and their tax expert, Arthur W. Kelly, President of United Artists Productions, Inc., and H.J.Muller, Treasurer, and their recommendations were therein conveyed.

Upon motion being duly made, seconded and unanimously adopted, it was -

RESOLVED, that the Secretary be authorized to furnish each Director and the Treasurer with a copy of Mr. Lawler's report for their perusal and such action that may be necessary to be taken will come before the next meeting.

Mr. George Bagnall read a telegram he had received from Miss Mary Pickford in which she enquired as to whether any action had been taken about the application of J. E. Williamson, who requested a distribution contract for an under-seas picture he was about to produce, based upon Kingsley's "THE WATER BABIES". The picture to be in technicolor and the background to be full of actual scenes made with life beneath the seas, to be blended with animated scenes depicting human characters.

Mr. Williamson has made many so-called "under the sea" stories with his photosphere camera. The production is to be based upon not only "WATER BABIES" but "20 YEARS UNDER THE SEA", etc. Picture to be full feature length with foreign language versions.

After proper consideration, upon motion being duly made, seconded and unanimously adopted, it was -

RESOLVED, that the directors feel the subject matter is quite interesting but they do not deem it advisable to give Mr. Williamson a distribution contract at this time, but they felt he should be encouraged to make the picture and advise United Artists Corporation of its completion, and if it is found commercial, the proper officers were to be authorized to discuss a distribution deal.

Mr. Bagnall was notified to telegraph Miss Pickford to this effect.

Mr. Bagnall stated that Angelus Pictures Inc. have offered for our consideration the remaking of "MAYERLING" as their 2nd photoplay.

Upon motion being duly made, seconded and unanimously adopted, it was -

RESOLVED, that the Directors approve remaking of "MAYERLING" and Mr. Bagnall was asked to ascertain whether they have the rights for all the countries in which we are presently distributing pictures.

Nov. 3/43

Mr. Raftery stated he had received a letter from Miss Mary Pickford dated October 28, 1943 and decided to read it to the Board of Directors. The following was the contents:

October
28th
1 9 4 3

"Dear Mr. Raftery:

This is to formally notify you, as President of United Artists Corporation, that I have engaged counsel and intend to institute suit immediately against United Artists.

I so notified the stockholder members at a meeting held today at 1040 Las Palmas Avenue, Hollywood, California.

I have instructed my attorney to communicate with you to this effect.

Yours sincerely,

(sgd) Mary Pickford

Mr. Edward Raftery
United Artists Corp.,
729 Seventh Avenue
New York City."

Upon motion duly made, seconded and unanimously adopted, it was -

RESOLVED, that a copy of Miss Pickford's letter be spread upon the minutes and copy of same should be sent by the Secretary of the meeting to the company's lawyers, who in turn should notify our Delaware Counsel to be prepared to watch for the filing of any suit against the Corporation, and with instructions to act.

The Chairman stated that the remaining stockholders have been notified that Miss Pickford intends to take some legal action by the minutes of the stockholders' meeting of October 28, 1943.

Mr. Raftery read the following telegram from Mr. Chaplin -

"Definitely opposed to the present Skouras Adperson Streamliner deal as being monopolistic and unless this opportunity is made available to qualified outsiders I plan to take steps to prevent it".

to which Mr. Raftery sent the following reply: (dated Nov. 4,1943)

"At Directors Meeting held September 28, 1943 at Los Angeles, all Directors approved sixty minute feature deal with company in which

(Mr. Raftery's telegram to Mr. Chaplin, Continued)

"Charles Sjouras was interested. Mr. Kelly on following day reported your approval of deal with following conditions: That deal be for one year for six 60 minute features, with firm options to company for two additional years, six features each year, and on further condition that you, personally, would have same right to make short features on same terms and conditions. Miss Pickford approved deal provided minimum terms for Canada United States and England were 30%. Vanguard approved deal on condition your conditions and Miss Pickford's conditions were met. Korda's proxy approved deal on same conditions. With unanimous approval of stockholders deal was closed and contract signed embodying all conditions insisted upon by stockholders. Regards. Edward C. Raftery"

Mr. Sears asked the meeting when, under his contract dated the 30th of December 1941, he would be paid the additional compensation due him under Paragraphs IV, V and VI of such contract, and particularly, he wanted the company to furnish him with a statement showing the Consolidated Profit, as required by said contract, - the manner and method of payment of his percentage or percentages, as the case may be, under said contract, including the manner and method of accounting, both domestic and foreign-both free money and frozen - whether the company was to contend the money could be paid under the Stabilization Order, or whether application to the Director of Stabilization would have to be made.

The Chair stated that he would consult with Price, Waterhouse and counsel for the company on Thursday, November 4th, and would give Mr. Sears a detailed answer in writing on Friday, November 5th as to each of the points raised in Mr. Sears' inquiry.

Mr. Bagnall presented an application, for and on behalf of Jess Smith for a distribution contract for the following picture, "THEY NEVER SURRENDER", based upon the story "A Barber had Two Sons".

After proper consideration, motion was duly made, seconded and unanimously adopted, it was -

RESOLVED, that this particular type of story was not considered suitable at this time - therefore the application for a distribution contract was denied. Mr. Bagnall was instructed to so notify the producer.

Mr. Kelly stated there was in a suspense account of United Artists Corporation an item of $2,559.09 chargeable against Miss Pickford and asked the Directors for their disposition of the matter.

Mr. Raftery and Mr. Sears stated, by an agreement with Miss Pickford, the company should pay the expenses of the exploiteer on her trip to Canada in connection with War Bond selling as it was to be considered institutional advertising and exploitation for United Artists Corporation.

Nov. 3, 1943

Upon motion being made, seconded and unanimously adopted, it was -

RESOLVED that the item of $2,559.09, chargeable against Miss Pickford and held in suspense, would be charged to the advertising and exploitation account.

Mr. Kelly stated that the following message was incorporated in a cable from London (#77435) dated October 18, 1943 -

"Korda advises he wishes resign from Boards English Export Companies and to appoint Pallos a full director in his place (STOP) Have informed him we understand Delaware Corporation has laid down that only stockholders and principal executives New York and local company can be appointed full directors. Cable Instructions".

Upon motion made, seconded and unanimously adopted, it was -

RESOLVED, that in view of the fact only the owners of the company and/or operating officials of the company should be Directors of the English company, Sir Alexander Korda be asked to withdraw his request.

Mr. Kelly presented his report on Television dated October 22, 1943. He stated that a copy of the report had been given to each Director in advance of the meeting and copies had also been sent to Miss Pickford, Mr. Chaplin and Mr. Dan O'Shea.

Mr. Kelly read to the Board the following telegram from Miss Pickford on this subject: (Dated Nov. 2, 1943)

"Attempted to call Ed and Grad today to state I heartily agree with your proposal company enter television field but received no answer. Recommend immediate steps be taken. Am writing about another phase of television I think you may want to investigate. Regards. Mary Pickford"

After proper consideration, upon motion being duly made, seconded and unanimously adopted, it was -

RESOLVED, that Mr. Kelly made a further study of television as it applies to the motion picture industry and ascertain the amount of money that might be involved in the acquisition of a broadcasting station or finances necessary to invest in either Scophony or Scophony Telecasting Company, and to report back to the Board in due course.

Nov 3/43

Mr. Kelly read to the Board a letter from Mr. Budd Rogers, New York representative of Charles Rogers, producer of "THE POWERS GIRL" - to which there was attached a letter addressed to Charles Rogers from Budd Rogers dated October 5, 1943, recommending that Charles Rogers appoint a representative in Great Britain to approve or reject contracts, in accordance with the privilege contained in his distribution contract. Mr. Budd Rogers evidently felt its approval was necessary inasmuch as United Artists had 9.3% interest in the profits.

Upon motion duly made, seconded and unanimously adopted, it was -

RESOLVED, that Mr. Kelly should tell Mr. Budd Rogers that the matter of approval of the appointment of a representative to approve or reject distribution contracts in England did not come within the jurisdiction of the Board of Directors of United Artists Corporation.

Mr. Kelly stated that Mr. Buckley from time to time had been presented with employees' pension plans by insurance companies, and had recently been presented with a plan devised by Bankers Trust Company, and asked the Board whether it was felt the company would be interested in setting up any pension plan for its employees.

Upon motion being made, seconded and unanimously adopted, it was -

RESOLVED, that any pension plan as such would be a matter for the stockholders to approve or disapprove and the matter should be taken up at the next special meeting of the stockholders.

Mr. Kelly stated that Mr. Walter Gould had been in receipt of a letter from Mr. Jorge Suarez, our Chilean manager, to the effect that Mrs. Suarez, his wife, had been operated on by specialists, which entailed considerable expense. As he has been unable to borrow any money from the local bank, he desires a loan from the company of Ps.35,000, which is approximately $1,050. Mr. Suarez wanted to pay the company back at the rate of Ps.500 weekly with the possibility of paying Ps.10,000 on or about March, 1944, which he would receive as rent from the leasing of his farm.

Upon motion duly made, seconded and unanimously adopted, it was--

RESOLVED, that Mr. Jorge Suarez be notified the company is willing to lend him Ps.35,000, or the equivalent of $1,050. payable at the rate of Ps.650 weekly and the Ps.10,000 that he will receive from the yearly lease of his farm is to be applied to liquidate the loan.

Mr. Kelly suggested increases in salary for Mr. Mulrooney and Mr. Schroeder, and after due consideration, the application was withdrawn.

Nov. 3/43

Mr. Kelly stated that Mr. Muller, Treasurer of the company, had made application for increase in salary.

Upon motion being duly made, seconded and unanimously adopted, it was -

RESOLVED, that due to the efficient work of Mr. Muller, and further that he had not had an increase in salary for a long time, he should be given the sum of an additional $100. per week, provided the Government approved.

The Chairman made a motion that the meeting should be adjourned until Friday Afternoon, November 5, 1943, after the Directors' meeting with Mr. Hunt Stromberg.

Nov. 5/43

MINUTES OF BOARD OF DIRECTORS MEETING

A meeting was held on November 5, 1943 at 3:00 p.m. at the offices of the Corporation, 729 Seventh Avenue, New York City.

There were present -

Mr. E. C. Raftery, Chairman of the Meeting
Mr. Gradwell L. Sears
Mr. George L. Bagnall
Mr. Arthur W. Kelly, Secretary of the Meeting.

The meeting was called to order by the Chairman.

Mr. Raftery stated he had a conference with Mr. Schlager of the Producers Corporation, the producers of "KNICKERBOCKER HOLIDAY", who are desirous of making a distribution contract with United Artists for five additional pictures to be made within two years. The first is to start in April 1944.

The pictures are fully financed and are to be producer, some by Al Lewis and the others by Harry Joe Brown. United Artists to have full approvals of story, cast and directors.

Terms to be standard terms 27½% in United States, Canada and Great Britain, and standard terms for ~~balance of~~ the world.

United Artists to have two options with five pictures in each option.

The Chairman stated that the reports from the Coast indicate that "KNICKERBOCKER HOLIDAY" is going to be a very successful picture. The enthusiasm and production ability of Mr. Schlager was canvassed fully recognized and would warrant United Artists considering giving them a distribution contract.

Upon motion duly made, seconded and unanimously adopted, it was -

RESOLVED, that Mr. George Bagnall, who is returning to the Coast, shall be empowered to take this matter up with the owners of the Corporation, notifying said owners that the Board of Directors recommend awarding to Mr. Schlager a distribution contract as above stated. On receipt of their written approvals, Mr. Bagnall is to proceed to have the necessary contract drawn.

Mr. Raftery stated that Mr. Schlager, of the Producers Corporation had informed him that his budget for his picture "KNICKERBOCKER HOLIDAY" had not provided for the expense of running a New York sales office, and inasmuch as the picture ran over-budget he had put up additional money to cover the cost of the over-budget items without drawing on his completion money, he asked that the United Artists temporarily advance the cost of his New York office. These moneys would only amount to approximately $7,000 or $8,000 and he would give us the right to add said moneys to the print and advertising charges, thereby making it recoverable out of producers' share.

Upon motion duly made and seconded, and unanimously adopted, it was -

RESOLVED , that the proper officers were authorized to advance to the Producers Corporation such moneys that might be required to run their sales organization for a period not to exceed twenty-six (26) weeks, and to add - such charges to the print and advertising charges, to be deductible from the producers' share. The Producers Corporation is to secure the approvals of the banks and all other assignees.

Mr. Sears stated that Mr. Henry Henigson had applied for a distribution contract for one picture, with an option of two, to be produced by Preston Sturges.

The picture will be fully financed, and the first picture will be made within eighteen (18) months, and the second within a period of three (3) years from the date of the contract.

It will be a non-exclusive deal and Preston Sturges will be the producer and probably the writer and director. No approvals. Mr. Sears stated that the question of distribution terms had not arisen. This matter was awaiting further conferences.

Upon motion duly made, seconded and unanimously adopted, it was -

RESOLVED, that all directors were in favor of awarding a distribution contract for two Preston Sturges pictures and that Mr. Sears be empowered to carry on further negotiations as to terms, conditions, etc., and if, after 30 days Mr. Henigson is not able to satisfy the Directors that he has all financing, this deal was to be considered withdrawn and null and void.

Mr. Sears stated that Mr. Herbert Silverberg, for and on behalf of Mr. Dudley Murphy, had submitted to him a proposition to make four (4) Spanish pictures in Mexico City in the Mexican language, one of which was to be distributed locally by a Mexican distributor. They request distribution by United Artists in all South American countries outside of Mexico for this one production.

Three of the four pictures are to be made in Mexico for which they solicited United Artists release in Mexico and the rest of South America.

Of the four pictures, two will be made with English casts, the first one being a very wellknown Saturday Evening Post story. The second is to be made from a selection of the other three. The English version to cost approximately Ps.1,500,000.

After full discussion, and taking into consideration the quality clause insisted upon by the owners, it was unanimously -

RESOLVED, that while the Corporation is perfectly willing to give Mr. Dudley Murphy a distribution contract for the release of one Mexican-made picture outside of Mexico for the balance of the South American territories, and further contract for three Mexican-made pictures to be distributed throughout the entire South America (including Mexico) it could not, however, grant a distribution contract for two (2) English versions made of the above mentioned subjects.

The Chairman asked if the Directors had read Mr. Lawler's report as to the method of keeping books of United Artists Productions, Inc.

The Directors stated they had read it, and upon motion duly made, seconded and unanimously adopted, it was -

RESOLVED, that Mr. Lawler's and Price, Waterhouse & Company's report should be accepted as the basis of a method of keeping the books of United Artists Productions, Inc. and Mr. Bagnall should be so formally advised.

There being no further business, by motion duly made and seconded, the meeting thereupon adjourned.

Edward C. Raftery
Chairman

Arthur W. Kelly, Secretary

United Artists Corporation
1125 BOARD OF TRADE BUILDING
LOS ANGELES, CALIFORNIA
TELEPHONE TRINITY 3361

OFFICE OF THE
SECRETARY

November 8th, 1943.

TO THE STOCKHOLDERS OF
UNITED ARTISTS CORPORATION:

By direction of the President, and pursuant to a resolution of the Board of Directors fixing the time and place of holding the annual meeting of stockholders of United Artists Corporation, you are hereby notified that the annual meeting of stockholders of said corporation will be held at 11:00 o'clock A. M. on December 3rd, 1943, at the office of United Artists Corporation at 1040 North Las Palmas, Hollywood, California.

The purpose of the meeting will be the election of directors and officers, and the transaction of such other business as may properly be brought before an annual meeting of stockholders.

Very truly yours,

LOYD WRIGHT, Secretary,

By Charles E. Mickelson
Assistant Secretary.

Mailed to:

The Pickford Corporation,
Vanguard Films, Inc.,
Mr. Charles Chaplin, and,
Alexander Korda Film Productions, Inc.,
c/o Mendel B. Silberberg.

Charge to the account of Loyd Wright, 1125 Board of Trade Bldg. $

| CLASS OF SERVICE DESIRED | | | |
|---|---|---|---|
| DOMESTIC | | CABLE | |
| TELEGRAM | | ORDINARY | |
| DAY LETTER | X | URGENT RATE | |
| SERIAL | | DEFERRED | |
| NIGHT LETTER | | NIGHT LETTER | |

Patrons should check class of service desired; otherwise the message will be transmitted as a telegram or ordinary cablegram.

# WESTERN UNION

1206

A. N. WILLIAMS, PRESIDENT
NEWCOMB CARLTON, CHAIRMAN OF THE BOARD
J. C. WILLEVER, FIRST VICE-PRESIDENT

CHECK

ACCOUNTING INFORMATION

TIME FILED

*Send the following telegram, subject to the terms on back hereof, which are hereby agreed to*

Los Angeles, California, December 2nd, 1943.

TO WESTERN UNION:

Please send the attached DAY LETTER to the following:

Vanguard Films, Inc., 9336 Washington Blvd., Culver City, Calif;
The Pickford Corporation, 9533 Brighton Way, Beverly Hills, Calif;
Charles Chaplin, 1416 North La Brea Avenue, Hollywood, Calif;
Charles Schwartz, Beverly Hills Hotel, Beverly Hills, Calif.

Loyd Wright.

Charge to the account of Loyd Wright, 1125 Board of Trade Bldg. $

| CLASS OF SERVICE DESIRED | | | |
|---|---|---|---|
| DOMESTIC | | CABLE | |
| TELEGRAM | | ORDINARY | |
| DAY LETTER | X | URGENT RATE | |
| SERIAL | | DEFERRED | |
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J. C. WILLEVER, FIRST VICE-PRESIDENT

CHECK

ACCOUNTING INFORMATION

TIME FILED

*Send the following telegram, subject to the terms on back hereof, which are hereby agreed to*

Los Angeles, California, December 2nd, 1943.

Please be advised that the annual meeting of the stockholders of United Artists Corporation will convene as scheduled, at eleven o'clock A. M. on December 3rd, 1943. No business will be transacted and the meeting will be adjourned to Monday, December 6th, 1943, at two o'clock P. M. at the same place.

Loyd Wright, Secretary.

**Scanned from the United Artists collection at the Wisconsin Center for Film and Theater Research.**

**Digitization and post-production completed in the University of Wisconsin-Madison's Department of Communication Arts, with funding from the Mary Pickford Foundation.**

www.marypickford.org

www.mediahistoryproject.org